

**COMMUNITY HOUSING COALITION  
OF MADISON COUNTY, INC.**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
AND FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016



CERTIFIED PUBLIC ACCOUNTANTS

**Community Housing Coalition of Madison County, Inc.**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Community Housing Coalition of Madison County, Inc.  
Marshall, North Carolina

We have reviewed the accompanying financial statements of Community Housing Coalition of Madison County, Inc., which comprise the statement of financial position as of October 31, 2016, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Corliss & Solomon, PLLC*

Asheville, North Carolina  
February 10, 2017

**Community Housing Coalition of Madison County, Inc.**  
**Statement of Financial Position**  
As of October 31, 2016

**Assets**

Current Assets

Cash and Equivalents	\$ 104,470
Other Assets	325
Total Current Assets	<u>104,795</u>

Long-Term Assets

Property and Equipment, Net	<u>7,201</u>
Total Long-Term Assets	<u>7,201</u>

<b>Total Assets</b>	<b><u>\$ 111,996</u></b>
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**Liabilities and Net Assets**

Current Liabilities

Payroll Taxes Payable	\$ <u>2,593</u>
Total Current Liabilities	<u>2,593</u>

Net Assets

Unrestricted	52,475
Temporarily Restricted	<u>56,928</u>
Total Net Assets	<u>109,403</u>

<b>Total Liabilities and Net Assets</b>	<b><u>\$ 111,996</u></b>
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*See accompanying notes and independent accountant's review report.*

# Community Housing Coalition of Madison County, Inc.

## Statement of Activities Year Ended October 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Support and Revenue</u></b>			
Contributions	\$ 62,137	\$ -	\$ 62,137
Foundation Grants	27,568	-	27,568
Government Grants	3,000	185,099	188,099
Fundraising Events	1,040	-	1,040
In-Kind Contributions	66,480	-	66,480
Other Income	889	-	889
Net Assets Released from Restrictions	208,310	(208,310)	-
<b>Total Support and Revenue</b>	<b><u>369,424</u></b>	<b><u>(23,211)</u></b>	<b><u>346,213</u></b>
<b><u>Expenses</u></b>			
Program Services	304,836	-	304,836
Management and General	40,259	-	40,259
Fundraising	6,960	-	6,960
<b>Total Expenses</b>	<b><u>352,055</u></b>	<b><u>-</u></b>	<b><u>352,055</u></b>
Change in Net Assets During Year	17,369	(23,211)	(5,842)
Net Assets at Beginning of Year	<u>35,106</u>	<u>80,139</u>	<u>115,245</u>
<b>Net Assets End of Year</b>	<b><u>\$ 52,475</u></b>	<b><u>\$ 56,928</u></b>	<b><u>\$ 109,403</u></b>

See accompanying notes and independent accountant's review report.

**Community Housing Coalition of Madison County, Inc.**

**Statement of Functional Expenses**

Year Ended October 31, 2016

	<b><u>Program Services</u></b>	<b><u>Management &amp; General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries	\$ 55,385	\$ 14,220	\$ 5,239	\$ 74,844
Payroll Taxes	4,095	1,051	388	5,534
<b>Total Personnel</b>	<b>59,480</b>	<b>15,271</b>	<b>5,627</b>	<b>80,378</b>
Building Supplies	94,851	-	-	94,851
Contract Workers	146,679	-	-	146,679
Depreciation	-	230	-	230
Dues	-	160	-	160
Fundraising Expense	-	-	1,333	1,333
Insurance	-	3,186	-	3,186
Miscellaneous Expense	-	1,172	-	1,172
Printing and Postage	792	215	-	1,007
Professional Fees	-	8,414	-	8,414
Rent	-	5,718	-	5,718
Supplies	-	3,536	-	3,536
Subscriptions and Training	-	937	-	937
Telephone	-	1,420	-	1,420
Travel and Transportation	3,034	-	-	3,034
<b>Total Expenses</b>	<b>\$ 304,836</b>	<b>\$ 40,259</b>	<b>\$ 6,960</b>	<b>\$ 352,055</b>

*See accompanying notes and independent accountant's review report.*

**Community Housing Coalition of Madison County, Inc.**  
**Statement of Cash Flows**  
Year Ended October 31, 2016

**Cash Flows from Operating Activities**

Change in Net Assets	\$ (5,842)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	230
(Decrease)/Increase in Operating Liabilities:	
Payroll Taxes Payable	<u>641</u>
Net Cash Used by Operating Activities	<u>(4,971)</u>
Net Change in Cash	(4,971)
Cash and Equivalents, Beginning of Year	<u>109,441</u>
<b>Cash and Equivalents, End of Year</b>	<b><u>\$ 104,470</u></b>

*See accompanying notes and independent accountant's review report.*

# Community Housing Coalition of Madison County, Inc.

## Notes to Financial Statements

Year Ended October 31, 2016

### 1. Description of Organization and Summary of Significant Accounting Policies

#### Description of the Organization

Community Housing Coalition of Madison County, Inc. (the Coalition) was formed to promote and facilitate healthy, safe, and affordable housing through advocacy, education, and resource development for the residents of Madison County, North Carolina by performing home repair and rehabilitation.

#### Corporate and Tax-Exempt Status

The Coalition was established in 1992 as a nonprofit corporation under the laws of the State of North Carolina. It qualifies for exemption from federal income taxes under section 501(c)(3) of the Internal Revenue code. In addition, it has been classified as a publicly supported organization under Section 509(a)(1).

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

#### Change in Fiscal Year End

In August 2015, the organization elected to change its fiscal year from a June 30 year-end to an October 31 year-end.

#### Financial Statement Presentation

U.S. GAAP establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. Descriptions of the three net asset classes are as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and that are available for general operating expenses of the organization.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions as to the purpose and/or time of use.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the organization. (The organization had no permanently restricted net assets as of October 31, 2016.)

#### Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all unrestricted, highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Money market funds with investment companies are considered cash equivalents.

#### Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$500 per item.



### Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as “Net assets released from restrictions.”

### In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair market value on the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

### Fair Value Measurements

In accordance with U.S. GAAP, the Coalition follows “Fair Value Measurements.” This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements under U.S. GAAP. Fair value is defined as “the price that would be received to sell an asset in an orderly transaction between market participants at an agreed upon measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market.” There are no items carried at fair value on a recurring basis by the Coalition.

### Income Taxes/Uncertain Tax Positions

The Coalition is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization’s tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2015-16 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

### Grant Revenue Recognition

Governmental grant and contract revenue arising from exchange transactions are recognized in income as related expenses are incurred. Grants considered to be contributions are recognized when awarded.

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

### Functional Allocation of Expenses

The organization reports its expenses in the functional areas of Program, Management and General and Fundraising. Expenses that can be identified with a specific area are assigned directly to that area. Other expenses that are common to two or more functions are allocated by management estimate.

## **2. Cash and Equivalents**

The cash and equivalents balance consist of a checking account of \$104,131 and an online donations account with a balance of \$275 as of October 31, 2016.

The accounts are insured in aggregate up to \$250,000 by the Federal Deposit Insurance Corporation. As of October 31, 2016, the balances did not exceed the federally insured limit. Management believes it is not exposed to any significant credit risk on its cash balances.

### 3. Property and Equipment

Property and Equipment consist of the following as of October 31, 2016:

Land	\$	7,000
Office Equipment		861
Less: Accumulated Depreciation		<u>(660)</u>
Property and Equipment, Net	\$	<u>7,201</u>

Depreciation expense was \$230 for the year ended October 31, 2016.

### 4. Temporarily Restricted Net Assets

The Coalition had temporarily restricted net assets of \$56,928 as of October 31, 2016 for urgent repair projects.

### 5. Lease Agreement

The Coalition leases its office space under a one-year lease agreement ending September 30, 2017, with an option to renew for one additional year. Monthly payments are \$838 and future minimum lease obligations consist \$7,542 to be paid in the following year. Rent expense for the year ended October 31, 2016 was \$5,718.

### 6. Concentration of Support

The Coalition receives approximately 36 percent of its operating support from the North Carolina Housing Finance Agency.

### 7. In-Kind Contributions

During the year, the Coalition received building supplies without charge to assist with home repairs and rehabilitation. Total contributed supplies of \$66,480 is recognized on the statement of activities in the review year.

### 8. Volunteers

The Coalition makes extensive use of volunteers to carry out its programs. For the fiscal year ended October 31, 2016, volunteers contributed 12,824 hours, with a total value of \$160,300 based on a rate of \$12.50 per hour. The services contributed by volunteers did not meet the requirements of U.S. GAAP for recognition in income.

### 9. Subsequent Events

Subsequent events have been evaluated through February 10, 2017 which is the date the financial statements were available to be issued.