

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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
AND FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2018



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, 2018, 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.

### **Summarized Comparative Information**

We previously reviewed Community Housing Coalition of Madison County's 2017 financial statements and in our conclusion dated March 21, 2018, stated that based on our review, we were not aware of any material modifications that should be made to the 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended October 31, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.

*Corliss & Solomon, PLLC*

Asheville, North Carolina  
March 18, 2019

# Community Housing Coalition of Madison County, Inc.

## Statement of Financial Position

As of October 31, 2018

(With summarized comparative totals as of October 31, 2017)

	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
<u>Current Assets</u>		
Cash and Equivalents	\$ 130,597	\$ 99,634
Accounts Receivable	10	146
Other Assets	325	1,163
Total Current Assets	<u>130,932</u>	<u>100,943</u>
<u>Long-Term Assets</u>		
Property and Equipment, Net	<u>9,275</u>	<u>10,003</u>
Total Long-Term Assets	<u>9,275</u>	<u>10,003</u>
<b>Total Assets</b>	<b><u>\$ 140,207</u></b>	<b><u>\$ 110,946</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 9,866	\$ -
Payroll Taxes Payable	<u>2,644</u>	<u>5,234</u>
Total Liabilities	<u>12,510</u>	<u>5,234</u>
<u>Net Assets</u>		
Unrestricted	79,889	55,302
Temporarily Restricted	<u>47,808</u>	<u>50,410</u>
Total Net Assets	<u>127,697</u>	<u>105,712</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 140,207</u></b>	<b><u>\$ 110,946</u></b>

See accompanying notes and independent accountant's review report.

# Community Housing Coalition of Madison County, Inc.

## Statement of Activities

Year Ended October 31, 2018

(With summarized comparative totals for the prior year)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Support and Revenue</b>				
Contributions	\$ 65,620	\$ -	\$ 65,620	\$ 48,865
Foundation Grants	104,381	-	104,381	81,000
Government Grants	-	167,641	167,641	158,946
Fundraising Events	19,193	-	19,193	21,890
In-Kind Contributions	73,562	-	73,562	67,375
Other Income	2,047	-	2,047	1,116
Net Assets Released from Restrictions	170,243	(170,243)	-	-
<b>Total Support and Revenue</b>	<b>435,046</b>	<b>(2,602)</b>	<b>432,444</b>	<b>379,192</b>
<b>Expenses</b>				
Program Services	331,295	-	331,295	321,581
Management and General	60,191	-	60,191	46,310
Fundraising	18,973	-	18,973	14,992
<b>Total Expenses</b>	<b>410,459</b>	<b>-</b>	<b>410,459</b>	<b>382,883</b>
Change in Net Assets During Year	24,587	(2,602)	21,985	(3,691)
Net Assets at Beginning of Year	55,302	50,410	105,712	109,403
<b>Net Assets End of Year</b>	<b>\$ 79,889</b>	<b>\$ 47,808</b>	<b>\$ 127,697</b>	<b>\$ 105,712</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, 2018

(With summarized comparative totals for the prior year)

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total 2018</b>	<b>Total 2017</b>
Salaries	\$ 90,905	\$ 17,045	\$ 5,682	\$ 113,632	\$ 98,522
Payroll Taxes	8,240	1,545	515	10,300	8,734
Total Personnel	99,145	18,590	6,197	123,932	107,256
Building Supplies	107,272	-	-	107,272	109,144
Contract Workers	100,221	-	-	100,221	118,319
Depreciation	-	729	-	729	697
Dues	-	1,879	-	1,879	237
Equipment and Maintenance	1,827	5,206	-	7,033	5,039
Fundraising Expense	-	-	11,577	11,577	6,629
Insurance	833	3,864	-	4,697	4,712
Miscellaneous Expense	1,141	3,631	-	4,772	2,035
Printing and Postage	443	-	-	443	869
Professional Fees	13,800	8,494	-	22,294	7,806
Rent	-	10,056	-	10,056	10,116
Supplies	-	3,126	-	3,126	2,106
Subscriptions and Training	3,693	-	-	3,693	942
Telephone	-	3,417	-	3,417	2,477
Travel and Transportation	2,920	-	-	2,920	4,499
Website and Web Hosting	-	1,199	1,199	2,398	-
<b>Total Expenses</b>	<b>\$ 331,295</b>	<b>\$ 60,191</b>	<b>\$ 18,973</b>	<b>\$ 410,459</b>	<b>\$ 382,883</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, 2018

(With summarized comparative totals for the prior year)

	<u>2018</u>	<u>2017</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 21,985	\$ (3,691)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	729	697
Donated Vehicle Received	-	(3,500)
(Increase)/Decrease in Operating Assets:		
Accounts Receivable	136	(146)
Other Assets	837	(837)
(Decrease)/Increase in Operating Liabilities:		
Accounts Payable	9,866	-
Payroll Taxes Payable	(2,590)	2,641
Net Cash Provided/(Used) by Operating Activities	<u>30,963</u>	<u>(4,836)</u>
Net Change in Cash	30,963	(4,836)
Cash and Equivalents, Beginning of Year	<u>99,634</u>	<u>104,470</u>
<b>Cash and Equivalents, End of Year</b>	<b><u>\$ 130,597</u></b>	<b><u>\$ 99,634</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, 2018

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. The Coalition is a community-based non-profit which oversees home repairs and rehabilitation projects for low-income homeowners, many of whom are veterans, elderly or disabled persons, by bridging people and resources. With the Coalition's coordination of local contractors, volunteers and visiting summer mission groups, this region's community can continue its rich tradition of neighbors helping neighbors address critical housing needs, and those from outside the community are able to build relationships with the individuals/families they serve.

**Corporate and Tax-Exempt Status**

The Coalition was established in 2002 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).

**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 Coalition had no permanently restricted net assets as of October 31, 2018).

**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 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 financial assets 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 2017-18 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 consists of the following:

<u>As of October 31:</u>	<u>2018</u>	<u>2017</u>
Checking Accounts	\$ 129,650	\$ 99,311
PayPal Account	398	102
Petty Cash	549	221
Total Cash and Equivalents	<u>\$ 130,597</u>	<u>\$ 99,634</u>

The accounts are insured in aggregate up to \$250,000 by the Federal Deposit Insurance Corporation. As of October 31, 2018, 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:

<u>As of October 31:</u>	<u>2018</u>	<u>2017</u>
Land	\$ 7,000	\$ 7,000
Office Equipment	861	861
Vehicle	3,500	3,500
Less: Accumulated Depreciation	(2,086)	(1,358)
Property and Equipment, Net	<u>\$ 9,275</u>	<u>\$ 10,003</u>

Depreciation expense was \$729 and \$697 for the years ended October 31, 2018 and 2017, respectively.

**4. Temporarily Restricted Net Assets**

The Coalition had temporarily restricted net assets for urgent repair projects in the amounts of \$47,808 and \$50,410 as of the years ended October 31, 2018 and 2017, respectively.

**5. Lease Agreement**

The Coalition leases its office space under a one-year lease agreement ended September 30, 2018 and continued on a month to month basis. Monthly payments are \$843 and rent expense for the year ended October 31, 2018 was \$10,056.

**6. Concentration of Support**

The Coalition receives approximately 32 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 \$73,562 and \$63,875 are recognized on the statement of activities in the review year ended October 31, 2018 and 2017, respectively.

**8. Volunteers**

The Coalition makes extensive use of volunteers to carry out its programs. For the fiscal year ended October 31, 2018, volunteers contributed 15,875 hours, with a total value of \$158,750 based on a rate of \$10.00 per hour. The services contributed by volunteers did not meet the requirements of U.S. GAAP for recognition in income.

**9. Comparative Data**

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's reviewed financial statements for the year ended October 31, 2017, from which the summarized information was derived. In addition, certain reclassifications have been made to the prior year information to facilitate comparison to the current year.

**10. Subsequent Events**

Subsequent events have been evaluated through March 18, 2019, which is the date the financial statements were available to be issued.