

ALMOST HOME, INC.
(a non-profit corporation)

**CONSOLIDATED FINANCIAL STATEMENTS and
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2018

**ALMOST HOME, INC.
(a non-profit corporation)**

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FEIS & COMPANY, P.C.

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ROBERT R. FEIS, CPA

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Almost Home, Inc.
Brighton, Colorado**

We have audited the accompanying financial statements of Almost Home, Inc. (a non-profit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Almost Home, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Feis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
Brighton, CO

February 25, 2019

STATEMENT OF FINANCIAL POSITION

ALMOST HOME, INC.
(a non-profit corporation)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current Assets

Cash - Unrestricted	\$	628,827
Cash - Restricted		4,057
Grants and accounts receivable (net of allowance for doubtful accounts of \$0)		96,253
Prepaid expenses and deposits		1,517
Total Current Assets		<u>730,654</u>

Property and Equipment (Note 1)

Shelter and improvements		416,628
Office furniture and equipment		61,125
Total Property and Equipment		<u>477,753</u>
 Less Accumulated Depreciation		 (253,849)
Net Property and Equipment		<u>223,904</u>

Other Assets

Equity placement fee (net of accumulated amortization)		-
Total Other Assets		<u>-</u>

Total Assets	\$	<u><u>954,558</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 11,549
Accrued vacation	9,866
Total Current Liabilities	<u>21,415</u>
Long-Term Debt (Note 3)	<u>-</u>
Total Liabilities	<u>21,415</u>
Net Assets	
Unrestricted	836,917
Temporarily restricted (Note 1)	3,403
Permanently restricted (Note 2)	92,823
Total Net Assets	<u>933,143</u>
Total Liabilities and Net Assets	<u>\$ 954,558</u>

See independent auditors' report.
The accompanying notes on pages 6 to 11 are an
integral part of the financial statements.

ALMOST HOME, INC.
(a non-profit corporation)
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<u>Support & Other Revenue</u>				
Grants and contributions	\$ 131,300	\$ 370,633	\$ -	\$ 501,933
Rental income	560,458	-	-	560,458
Fundraising	70,248	-	-	70,248
Other rental income	1,600	-	-	1,600
Program fees	71	-	-	71
Net assets released from restriction	370,633	(370,633)	-	-
Total General Support	1,134,310	-	-	1,134,310
 Investment Income				
Interest & dividend income	595	-	-	595
Net Investment Income	595	-	-	595
Total Support & Other Revenue	1,134,905	-	-	1,134,905
 <u>Expenses</u>				
Program Services				
Rental assistance	339,505	-	-	339,505
Shelter assistance	87,044	-	-	87,044
Housing development	46,008	-	-	46,008
Community center	22,578	-	-	22,578
Hughes Station development	629,166	-	-	629,166
Total Program Services	1,124,301	-	-	1,124,301
 Supporting Services				
General and administrative	94,069	-	-	94,069
Fundraising events	102,646	-	-	102,646
Total Supporting Services	196,715	-	-	196,715
Total Expenses	1,321,016	-	-	1,321,016
 <u>Other Income (Expenses)</u>				
Gain(Loss) on sale of assets	(564,574)	-	-	(564,574)
Total Other Income	(564,574)	-	-	(564,574)
Increase (decrease) in Net Assets	(750,685)	-	-	(750,685)
Net assets, beginning of year	1,587,602	3,403	92,823	1,683,828
Net assets, end of year	\$ 836,917	\$ 3,403	\$ 92,823	\$ 933,143

See independent auditors' report.
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STATEMENT OF FUNCTIONAL EXPENSES

ALMOST HOME, INC.
(a non-profit corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functional Expenses</u>	PROGRAM SERVICES		
	Rental Assistance	Shelter Assistance	Housing Development
Client assistance	\$ 239,379	\$ 1,547	\$ -
Shelter supplies	-	5,072	-
Fund raising expenses	-	-	-
Program expenses	-	-	-
Salaries	63,830	34,763	-
Payroll taxes	5,834	3,177	-
Insurance	6,517	2,879	88
Employee benefits	388	-	-
Interest expense	-	3,050	-
General & administrative	4,466	3,788	3,635
Office expenses	7,996	638	153
Property taxes	-	250	-
Professional fees	6,108	1,607	42,132
Repairs and maintenance	167	2,144	-
Utilities	4,820	9,404	-
Management fees	-	-	-
Depreciation & amortization	-	18,725	-
Totals	\$ 339,505	\$ 87,044	\$ 46,008

<u>PROGRAM SERVICES</u>		<u>SUPPORTING SERVICES</u>			
<u>Community Center</u>	<u>Hughes Station Development</u>	<u>General and Administrative</u>	<u>Fundraising Events</u>	<u>Total</u>	
\$ -	\$ -	\$ -	\$ -	\$ 240,926	
-	-	-	-	5,072	
-	-	-	26,791	26,791	
4,487	-	-	-	4,487	
4,509	87,013	29,821	64,229	284,165	
412	8,547	2,725	5,870	26,565	
2,043	65,309	3,469	1,312	81,617	
-	-	9,511	-	9,899	
-	120,907	-	-	123,957	
110	29,726	15,592	1,576	58,893	
-	-	5,845	1,015	15,647	
-	-	-	-	250	
-	38,915	15,380	965	105,107	
-	31,471	-	42	33,824	
558	91,403	5,480	846	112,511	
-	22,042	-	-	22,042	
10,459	133,833	6,246	-	169,263	
<u>\$ 22,578</u>	<u>\$ 629,166</u>	<u>\$ 94,069</u>	<u>\$ 102,646</u>	<u>\$ 1,321,016</u>	

See independent auditors' report.
The accompanying notes on pages 6 to 11 are an
integral part of the financial statements.

STATEMENT OF CASH FLOWS

ALMOST HOME, INC.
(a non-profit corporation)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

DIRECT METHOD

Cash flows from operating activities	
Cash contributions and grants received	\$ 493,032
Cash rental income received	489,874
Interest received on cash funds	595
Interest expense paid	(138,947)
Cash operating expenses paid	(543,090)
Cash rental expenses paid	<u>(528,595)</u>
Net cash provided (used) by operating activities	<u>(227,131)</u>
Cash flows from investing activities	
Purchases of property and equipment	(4,085)
Proceeds from sale of Hughes Station	1,064,194
Purchases of investments	<u>-</u>
Net cash provided (used) by investing activities	<u>1,060,109</u>
Cash flows from financing activities	
Net proceeds (payments) of notes receivable	-
Net proceeds (payments) of other payables	-
Net proceeds (payments) of long-term debt	<u>(790,002)</u>
Net cash provided (used) by financing activities	<u>(790,002)</u>
Net increase (decrease) in cash and cash equivalents	42,976
Cash and cash equivalents at beginning of year	<u>589,908</u>
Cash and cash equivalents at end of year	<u>\$ 632,884</u>
Non-cash transactions	
Loans assumed by Hughes Station purchaser	\$ <u>6,339,180</u>
Total non-cash transactions	<u>\$ 6,339,180</u>

**Reconciliation of Net Cash Provided (Used) by
Operating Activities to Increase (Decrease) in Net Assets**

Increase (Decrease) in Net Assets	\$ (750,685)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation & amortization	169,263
(Gain) loss on sale of property and equipment	564,574
Changes in assets and liabilities	
(Increase) decrease in grants and accounts receivable	(76,903)
(Increase) decrease in prepaid expenses	14,445
Increase (decrease) in accounts payable	(45,120)
Increase (decrease) in accrued vacation	4,674
Increase (decrease) in accrued expenses	(17,888)
Increase (decrease) in interest payable	(14,990)
Increase (decrease) in security deposits	(74,501)
Net cash provided (used) by operating activities	\$ <u>(227,131)</u>

**See independent auditors' report.
The accompanying notes on pages 6 to 11 are an
integral part of the financial statements.**

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose

Almost Home, Inc. is a Colorado non-profit corporation established in March 1993 to provide emergency shelter and housing assistance to low-income individuals and families. Case management services are also provided to clients in order to link them with the appropriate services and to increase their self-sufficiency.

On September 4, 2002 Almost Home Housing Corporation, a "for" profit corporation, was established. This Corporation is a wholly owned subsidiary of Almost Home, Inc. The subsidiary is the general partner of Hughes Station, LLLP (See Note 5). The only activity recorded by the subsidiary is the result of the 0.01% partnership interest in Hughes Station, LLLP. As this activity is considered minimal, the financial statements of the subsidiary will not be consolidated with the organization as of June 30, 2018.

On March 16, 2016, Almost Home, Inc. acquired the interest held in Hughes Station, LLLP by the limited partners, resulting in Almost Home, Inc. owning 100% of Hughes Station, LLLP.

On December 27, 2017, Almost Home, Inc. sold its entire interest in Hughes Station. Therefore, the activity of Hughes Station, LLLP from July 1, 2017 through December 27, 2017 is consolidated with Almost Home, Inc. as of June 30, 2018.

B. Basis of Accounting

The accrual basis of accounting is used for financial statement presentation. Under the accrual method of accounting, revenues and the related assets are recognized when earned rather than when received, and expenses and the related liabilities are recognized when incurred rather than when paid.

Annual operating budgets are prepared by management and approved by the Board of Directors. The budget is used as a guideline and control document for financial operations.

See independent auditors' report

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of three to thirty years. The half-year convention is used whereby one-half year's depreciation is taken in the year the asset is acquired and one-half year is taken in the year of disposition. Depreciation expense for the year was \$166,216. Depreciation expense consisted of \$32,383 related to program services and \$133,833 related to rental activities. The Organization capitalizes all property and equipment with a cost (or fair value, if contributed) exceeding \$250 and having a useful life exceeding one year.

D. Loan Origination Fees

Loan origination fees are recorded at cost and amortized over the life of the loan. Amortization expense for the year was \$3,047.

E. Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor or grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Grants and contributions restricted to future years are considered "Temporarily Restricted" support.

F. Income Taxes

Almost Home, Inc. is exempt from income tax under Internal Revenue Code Section 501(c)(3).

In accordance with accounting principles generally accepted in the United States of America, a private entity is required to disclose any material uncertain tax positions that management believes does not meet a "more-likely-than-not" standard of being sustained under an income tax audit and to record a liability for any such income tax, including penalties and related interest expense. Management has not identified any uncertain tax positions that require the recording of a liability mentioned above or further disclosure. Tax years 2015 through 2018 remain subject to inspection by the Internal Revenue Service.

See independent auditors' report

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Financial Statement Presentation

In accordance with the provisions of Statement of Financial Accounting Standards Codification 958, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

H. Estimates in the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 reporting period. Actual results could differ from those estimates.

I. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

J. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization places its cash and cash equivalents with creditworthy, high-quality, financial institutions. Uninsured deposits are principally in the form of interest-bearing money market accounts. Concentration risks associated with accounts receivable are limited as no significant balances are due from any single entity.

See independent auditors' report

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Concentrations of Credit Risk (continued)

As of June 30, 2018, the organization's cash deposits had a carrying balance of \$632,884 and corresponding bank balances as follows:

Insured Deposits	\$ 254,057
Cash on Hand	50
Uninsured Deposits	<u>378,777</u>
Total cash and cash equivalents	\$ <u>632,884</u>

2. Restricted Net Assets

"Temporarily Restricted Net Assets" consists of grants received for specific purposes for which related expenses have not yet been incurred.

"Permanently Restricted Net Assets" consists of grants received for the specific purpose of purchasing and constructing residential assistance facilities for low-income individuals and families. There were no grants received for these projects during the year ended June 30, 2018.

3. Long-Term Debt

Due to the sale of Hughes Station on December 27, 2017, any and all long-term debt was assumed by the purchaser or paid in full. Loans assumed by the purchaser totaled \$6,339,180. As such, as of June 30, 2018, Almost Home, Inc. did not have any balances in long-term debt. Total interest incurred and charged to expense in 2018 was \$123,957.

4. Accrued Vacation

As of June 30, 2018, the Organization had an outstanding liability for unused employee vacation time totaling \$9,866. There is no allowance for the carryover of unused sick time.

See independent auditors' report

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. Housing Development – Hughes Station, LLLP

In July 2002, a low-income housing limited partnership, Hughes Station, LLLP, was established. The general partner of Hughes Station, LLLP is Almost Home Housing Corporation, a wholly owned subsidiary of the Organization. The project consists of 120 units of mixed income, multi-family rental housing. In March 2016, Almost Home, Inc. purchased the interests held by the limited partners in Hughes Station, LLLP. In late December 2017, all real estate assets held by Hughes Station, LLLP were sold to an independent third party and all related debt was paid in full or assumed by the new owners. The following items are related to Hughes Station, LLLP:

Community Center

As of June 30, 2018, the Organization has expended a total of \$442,701 on the construction of a community center located on the grounds of the Hughes Station complex. The community center no longer remains the property of the Organization due to the sale of Hughes Station. A portion of the center remains in use for the administrative office of the Organization through a signed lease agreement. The lease agreement states that the Organization has an option to renew this Lease for an additional four (4) five (5) year terms totaling (20) twenty years. The current lease agreement began on December 28, 2017 and ending on December 27, 2022 and is for a (5) year term with lease payments totaling \$1 per year.

See independent auditors' report.

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. Housing Development – Hughes Station, LLLP (Continued)

Income from Operations

For the 12 months ended June 30, 2018, activity from Hughes Station, LLLP included in these consolidated financial statements is as follows:

Rents and Other Income	<u>\$ 560,458</u>
Payroll	87,013
Advertising	1,549
General/Administrative	28,177
Utilities	91,403
Maintenance	31,471
Contract Services	38,915
Management Fees	22,042
Taxes and Insurance	<u>73,856</u>
Total Operating Expenses	<u>374,426</u>
Interest Expense	78,554
Depreciation	<u>133,833</u>
Total Other Expenses	<u>212,387</u>
Net Income (Loss)	<u>(\$ 26,355)</u>

6. Subsequent Events

In accordance with the provisions of Statement of Financial Accounting Standards Codification 855, Subsequent Events, management is required to evaluate, through the date the financial statements are issued or are available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. Almost Home, Inc. financial statements were available to be issued on the date of the attached independent auditors' report, and this is the date through which subsequent events were evaluated. The Company did not identify any subsequent events requiring disclosure.

See independent auditors' report.