

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017

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

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FEIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
193 SOUTH 27TH AVENUE, SUITE 100
BRIGHTON, COLORADO 80601-2662
(303) 659-1200 • FAX (303) 659-1204

MEMBER OF
AMERICAN INSTITUTE OF CPAs
COLORADO SOCIETY OF CPAs

ROBERT R. FEIS, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Almost Home, Inc.
Brighton, Colorado

We have audited the accompanying consolidated financial statements of Almost Home, Inc. (a non-profit corporation), which comprise the statement of financial position as of June 30, 2017 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Hughes Station, LLLP, which statements reflect total assets of \$7,346,589, as of December 31, 2016, and total revenues of \$1,213,126 for the year then ended. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Hughes Station, LLLP, is based solely on the report of the other auditors. 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Almost Home, Inc. (a non-profit corporation) as of June 30, 2017 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Feis & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
Brighton, CO

January 8, 2018

STATEMENT OF FINANCIAL POSITION

ALMOST HOME, INC.
(a non-profit corporation)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current Assets

Cash - Unrestricted	\$ 424,766
Cash - Restricted	165,142
Grants and accounts receivable (net of allowance for doubtful accounts of \$0)	19,350
Prepaid expenses and deposits	15,962
Total Current Assets	<u>625,220</u>

Property and Equipment (Note 1)

Shelter and improvements	416,628
Housing and improvements	110,300
Hughes Station	10,757,418
Land	901,475
Office furniture and equipment	57,040
Community center- equipment	19,250
Community center - building and improvements (Note 5)	442,701
Total Property and Equipment	<u>12,704,812</u>
 Less Accumulated Depreciation	 <u>(4,404,106)</u>
Net Property and Equipment	<u>8,300,706</u>

Other Assets

Equity placement fee (net of accumulated amortization)	<u>56,324</u>
Total Other Assets	<u>56,324</u>

Total Assets	\$ <u>8,982,250</u>
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LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 56,669
Accrued expenses	17,888
Accrued vacation	5,192
Security Deposits	74,501
Interest Payable	14,990
Current portion of long-term debt (Note 3)	112,454
Total Current Liabilities	<u>281,694</u>
Long-Term Debt (Note 3)	<u>7,016,728</u>
Total Liabilities	<u>7,298,422</u>
Net Assets	
Unrestricted	1,587,602
Temporarily restricted (Note 1)	3,403
Permanently restricted (Note 2)	92,823
Total Net Assets	<u>1,683,828</u>
Total Liabilities and Net Assets	<u>\$ 8,982,250</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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<u>Support & Other Revenue</u>				
Grants and contributions	\$ 88,778	\$ 254,899	\$ -	\$ 343,677
In-Kind contributions	8,176	-	-	8,176
Fundraising	72,050	-	-	72,050
Other rental income	3,367	-	-	3,367
Hughes Station developer fees (Note 5)	-	-	-	-
Program fees	253	-	-	253
Net assets released from restriction	254,899	(254,899)	-	-
Total General Support	427,523	-	-	427,523
Investment Income				
Interest & dividend income	144	-	-	144
Net Investment Income	144	-	-	144
Total Support & Other Revenue	427,667	-	-	427,667
<u>Expenses</u>				
Program Services				
Rental assistance	211,345	-	-	211,345
Shelter assistance	85,960	-	-	85,960
Housing development	7,706	-	-	7,706
Community center	61,446	-	-	61,446
Hughes Station development	83,911	-	-	83,911
Total Program Services	450,368	-	-	450,368
Supporting Services				
General and administrative	107,149	-	-	107,149
Fundraising events	87,792	-	-	87,792
Total Supporting Services	194,941	-	-	194,941
Total Expenses	645,309	-	-	645,309
<u>Other Income (Expenses)</u>				
Net income from rental activities	117,561	-	-	117,561
Gain(Loss) on sale of assets	-	-	-	-
Total Other Income	117,561	-	-	117,561
Increase (decrease) in Net Assets	(100,081)	-	-	(100,081)
Net assets, beginning of year	1,687,683	3,403	92,823	1,783,909
Net assets, end of year	<u>\$ 1,587,602</u>	<u>\$ 3,403</u>	<u>\$ 92,823</u>	<u>\$ 1,683,828</u>

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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, 2017

<u>Functional Expenses</u>	PROGRAM SERVICES		
	Rental Assistance	Shelter Assistance	Housing Development
Client assistance	\$ 123,944	\$ 1,941	\$ -
Shelter supplies	-	9,715	-
Fund raising expenses	-	-	-
Program expenses	-	-	-
Salaries	51,622	24,989	3,606
Payroll taxes	5,550	2,684	387
Insurance	2,112	1,979	264
Employee benefits	-	-	-
Interest expense	-	4,321	-
General & administrative	3,859	2,675	674
Office expenses	3,680	1,100	327
Professional fees	14,974	4,016	2,123
Repairs and maintenance	297	3,696	37
Utilities	5,307	9,638	288
Management fees (Note 5)	-	-	-
Excess developer fees (Note 5)	-	-	-
Depreciation & amortization	-	19,206	-
Totals	\$ 211,345	\$ 85,960	\$ 7,706

<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>
\$ -	\$ -	\$ -	\$ -	\$ 125,885
-	-	-	-	9,715
-	-	-	20,986	20,986
6,326	-	-	-	6,326
19,824	-	40,614	53,652	194,307
2,129	-	4,363	5,763	20,876
4,091	-	3,762	1,716	13,924
-	-	19,461	-	19,461
-	83,911	-	-	88,232
590	-	18,921	1,711	28,430
464	-	2,988	897	9,456
1,313	-	3,678	1,839	27,943
649	-	1,680	185	6,544
5,142	-	3,180	1,043	24,598
-	-	-	-	-
-	-	-	-	-
20,918	-	8,502	-	48,626
<u>61,446</u>	<u>83,911</u>	<u>107,149</u>	<u>87,792</u>	<u>645,309</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, 2017

DIRECT METHOD

Cash flows from operating activities	
Cash contributions and grants received	\$ 445,898
Cash rental income received	1,177,779
Interest received on cash funds	144
Interest expense paid	(247,753)
Cash operating expenses paid	(532,955)
Cash rental expenses paid	<u>(570,518)</u>
Net cash provided (used) by operating activities	<u>272,595</u>
Cash flows from investing activities	
Purchases of property and equipment	(10,520)
Proceeds from acquisition of Hughes Station	-
Purchases of investments	<u>-</u>
Net cash provided (used) by investing activities	<u>(10,520)</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>(109,128)</u>
Net cash provided (used) by financing activities	<u>(109,128)</u>
Net increase (decrease) in cash and cash equivalents	152,947
Cash and cash equivalents at beginning of year	<u>436,961</u>
Cash and cash equivalents at end of year	\$ <u><u>589,908</u></u>

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

Increase (Decrease) in Net Assets	\$	(100,081)
 Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation & amortization		334,058
In-kind fixed asset donations		(7,894)
(Gain) loss on sale of property and equipment		-
 Changes in assets and liabilities		
(Increase) decrease in grants and accounts receivable		24,887
(Increase) decrease in prepaid expenses		(997)
Increase (decrease) in accounts payable		27,668
Increase (decrease) in accrued vacation		380
Increase (decrease) in accrued expenses		958
Increase (decrease) in interest payable		(11,818)
Increase (decrease) in security deposits		5,434
		5,434
 Net cash provided (used) by operating activities	 \$	 272,595
 Non-Cash Transactions:		
In-kind fixed asset donations	\$	7,894
Total Non-Cash Transactions	\$	7,894

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, 2017

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 very minimal, the financial statements of the subsidiary will not be consolidated with the organization as of June 30, 2017.

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. Therefore, the activity of Hughes Station, LLLP is consolidated with Almost Home, Inc. as of June 30, 2017.

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.

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 \$311,136. 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.

See independent auditors' report

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$22,922.

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 2014 through 2016 remain subject to inspection by the Internal Revenue Service.

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.

See independent auditors' report.

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

As of June 30, 2017, the organization's cash deposits had a carrying balance of \$589,908 and corresponding bank balances as follows:

Insured Deposits	\$ 439,480
Cash on Hand	564
Uninsured Deposits	<u>149,864</u>
Total cash and cash equivalents	\$ <u>589,908</u>

See independent auditors' report

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017.

3. Long-Term Debt

Long-term debt as of June 30, 2017 consists of the following:

Mortgage payable – Bank of the West; Interest rate of 6.875%; Monthly payments of \$603 through April 2028; Secured by Shelter - 568 East Bridge Street, Brighton, CO	\$ 54,892
Loan payable – Subordinate Lenders; dated September 12, 2002; Interest rate of 8.0%; Semi-annual interest only payments through June 1, 2018; final interest and principal due December 1, 2018;	681,087
Loan payable – Colorado Housing and Finance Authority; Interest rate of 5.6%; one payment of \$20,713 was made on June 1, 2009; Semi-annual payments of \$18,029 will then be made beginning December 1, 2009 and ending June 1, 2021; One final “balloon” payment of \$506,473 will be paid on November 1, 2021; Secured by real property in Brighton, CO.	529,542
Note Payable – State of Colorado Division of Housing, dated October 20, 2004; interest rate of 0.00%, due in full June 20, 2021.	600,000
Note Payable – Colorado Housing and Finance Authority; Interest rate of 3.0%; note matures on November 1, 2021. Note payable by Hughes Station, LLLP.	<u>5,263,661</u>
Total Long-Term Debt	7,129,182
Less: current maturities	<u>(112,454)</u>
Net Long-Term Debt	\$ <u>7,016,728</u>

See independent auditors' report

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. Long-Term Debt (Continued)

The following is a summary of principal maturities over the next five years:

June 30, 2018	\$	112,454
2019		797,277
2020		120,059
2021		724,068
2022		5,340,908
2023-2027		28,851
2028		<u>5,565</u>
Total	\$	<u>7,129,182</u>

Total interest incurred and charged to expense in 2017 was \$235,935.

4. Accrued Vacation

As of June 30, 2017, the Organization had an outstanding liability for unused employee vacation time totaling \$5,192. There is no allowance for the carryover of unused sick time.

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, 2017, 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 remains the property of the Organization and a portion of the center is used for the administrative office of the Organization.

See independent auditors' report.

ALMOST HOME, INC.
(a non-profit corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Income from Operations

For the 12 months ended June 30, 2017, activity from Hughes Station, LLLP included in these consolidated financial statements is as follows:

Rents and Other Income	<u>\$ 1,174,009</u>
Payroll	162,073
Advertising	295
General/Administrative	29,434
Utilities	187,471
Maintenance	105,020
Contract Services	41,618
Management Fees	53,476
Taxes and Insurance	<u>43,926</u>
Total Operating Expenses	<u>623,313</u>
Interest Expense	147,703
Depreciation	<u>285,432</u>
Total Other Expenses	<u>433,135</u>
Net Income (Loss)	<u>\$ 117,561</u>

6. In-Kind Contributions

During the year ended June 30, 2017 the organization received contributions of fixed assets and supplies. The fair value of the fixed assets and supplies totaled \$8,176.

7. Subsequent Events

Almost Home, Inc. has adopted the provisions of Statement of Financial Accounting Standards Codification 855, *Subsequent Events*. This statement requires management 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's financial statements were available to be issued on January 8, 2018, and this is the date through which subsequent events were evaluated. See Note 5 related to the subsequent sale of Hughes Station LLLP.

See independent auditors' report.