

**HOMES WITH HOPE, INC.
AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

HOMES WITH HOPE, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Homes with Hope, Inc. and Affiliate

Report on the Financial Statements

We have audited the accompanying combined statements of financial position of Homes with Hope, Inc. and Affiliate as of December 31, 2019 and 2018, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 auditors' 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Homes with Hope, Inc. and Affiliate as of December 31, 2019 and 2018, and the combined results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary schedule of details of combined revenues (supplementary information) on page 29 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Marcum LLP

New Haven, CT
May 4, 2020

HOMES WITH HOPE, INC. AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 453,892	\$ 587,136
Accounts receivable	100,953	11,753
Grants receivable	113,849	28,891
Prepaid expenses	16,583	26,480
Total Current Assets	685,277	654,260
Assets Limited As To Use		
Cash and cash equivalents	51,939	61,234
Board designated investments	578,022	510,422
Total Assets Limited As To Use	629,961	571,656
Property, Equipment and Leasehold Improvements		
Land and buildings	4,389,017	4,389,017
Furniture and equipment	221,579	210,317
Leasehold improvements	786,014	786,014
	5,396,610	5,385,348
Less accumulated depreciation and amortization	2,356,938	2,189,000
Total Property, Equipment and Leasehold Improvements	3,039,672	3,196,348
Other Assets		
Replacement and operating reserves	350,273	313,429
Tenants deposits held in trust	2,304	2,303
Total Other Assets	352,577	315,732
	\$ 4,707,487	\$ 4,737,996

The accompanying notes are an integral part of these combined financial statements.

HOMES WITH HOPE, INC. AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 24,768	\$ 24,049
Accounts payable	51,181	70,113
Accrued payroll and related withholdings	44,636	39,144
Refundable advances	49,323	37,862
Funds held for residents	<u>1,752</u>	<u>1,752</u>
Total Current Liabilities	<u>171,660</u>	<u>172,920</u>
Long-Term Liabilities		
Commercial mortgages, net of current portion	364,757	389,523
CHFA mortgage	1,958,099	1,938,198
Security deposits	<u>11,223</u>	<u>11,341</u>
Total Long-Term Liabilities	<u>2,334,079</u>	<u>2,339,062</u>
Total Liabilities	<u>2,505,739</u>	<u>2,511,982</u>
Net Assets		
Without donor restrictions	836,754	861,020
With donor restrictions	<u>1,364,994</u>	<u>1,364,994</u>
Total Net Assets	<u>2,201,748</u>	<u>2,226,014</u>
	<u>\$ 4,707,487</u>	<u>\$ 4,737,996</u>

The accompanying notes are an integral part of these combined financial statements.

HOMES WITH HOPE, INC. AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year ended December 31, 2019			Year ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Contributions and fundraising	\$ 1,581,987	\$ --	\$ 1,581,987	\$ 1,409,288	\$ --	\$ 1,409,288
Contributed use of facilities, goods and services	1,048,413	--	1,048,413	954,930	--	954,930
Grants	726,406	--	726,406	621,285	--	621,285
Rental income	414,183	--	414,183	367,950	--	367,950
Fees	7,019	--	7,019	18,969	--	18,969
Investment return, net	73,597	--	73,597	(26,612)	--	(26,612)
	<u>3,851,605</u>	<u>--</u>	<u>3,851,605</u>	<u>3,345,810</u>	<u>--</u>	<u>3,345,810</u>
Expenses						
Program	3,162,138	--	3,162,138	3,087,294	--	3,087,294
General and administrative	273,733	--	273,733	324,762	--	324,762
Fundraising costs	440,000	--	440,000	350,749	--	350,749
	<u>3,875,871</u>	<u>--</u>	<u>3,875,871</u>	<u>3,762,805</u>	<u>--</u>	<u>3,762,805</u>
Change in Net Assets	(24,266)	--	(24,266)	(416,995)	--	(416,995)
Net Assets - Beginning	<u>861,020</u>	<u>1,364,994</u>	<u>2,226,014</u>	<u>1,278,015</u>	<u>1,364,994</u>	<u>2,643,009</u>
Net Assets - Ending	<u>\$ 836,754</u>	<u>\$ 1,364,994</u>	<u>\$ 2,201,748</u>	<u>\$ 861,020</u>	<u>\$ 1,364,994</u>	<u>\$ 2,226,014</u>

The accompanying notes are an integral part of these combined financial statements.

HOMES WITH HOPE, INC. AND AFFILIATE
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year ended December 31, 2019				Year ended December 31, 2018			
	Program Expense	General and Administrative	Fundraising Costs	Total	Program Expense	General and Administrative	Fundraising Costs	Total
Payroll and related expenses	1,288,894	\$ 134,212	\$ 182,487	\$ 1,605,593	\$ 1,261,586	\$ 181,054	\$ 173,040	\$ 1,615,680
Depreciation and amortization	154,139	13,798	--	167,937	159,113	13,798	--	172,911
Direct fundraising expenses	--	--	174,227	174,227	--	--	150,504	150,504
Space occupancy	150,412	--	--	150,412	159,988	--	--	159,988
Interest expense	87,371	--	--	87,371	84,445	--	--	84,445
Professional fees and contracted services	104,745	62,167	--	166,912	107,531	67,363	--	174,894
Repairs and maintenance	132,983	--	--	132,983	110,780	--	--	110,780
Office expense	47,676	15,891	--	63,567	45,983	15,327	5,643	66,953
Insurance	63,107	21,036	--	84,143	55,803	18,601	--	74,404
Shelter and other program related services	86,828	--	--	86,828	86,278	--	--	86,278
Postage and delivery	--	1,655	25,376	27,031	--	1,386	21,562	22,948
Other operating expenses	25,714	--	--	25,714	25,676	60	--	25,736
Travel	13,082	4,362	--	17,444	16,249	5,418	--	21,667
Food purchases	7,408	--	--	7,408	10,424	--	--	10,424
Internet and telephone	20,542	6,846	--	27,388	20,823	6,940	--	27,763
Memberships and subscriptions	1,875	625	--	2,500	1,875	625	--	2,500
Contributed facilities	324,964	--	--	324,964	319,218	--	--	319,218
Contributed food, clothing and other	632,200	--	50,910	683,110	601,056	--	--	601,056
Contributed professional fees and contracted services	20,198	13,141	7,000	40,339	20,466	14,190	--	34,656
	<u>\$ 3,162,138</u>	<u>\$ 273,733</u>	<u>\$ 440,000</u>	<u>\$ 3,875,871</u>	<u>\$ 3,087,294</u>	<u>\$ 324,762</u>	<u>\$ 350,749</u>	<u>\$ 3,762,805</u>

The accompanying notes are an integral part of these combined financial statements.

HOMES WITH HOPE, INC. AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (24,266)	\$ (416,995)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	167,937	170,164
Interest accrued on CHFA note	65,826	65,827
Net realized and unrealized gain (loss) on investments	(53,776)	43,035
Changes in assets and liabilities:		
Grants receivable	(84,958)	8,211
Accounts receivable	(89,200)	22,623
Prepaid expenses	9,897	(9,767)
Accounts payable	(18,932)	(12,203)
Accrued payroll and related withholdings	5,492	(11,695)
Refundable advances	11,461	21,948
Security deposits	(119)	(273)
Net Cash Used in Operating Activities	(10,638)	(119,125)
Cash Flows from Investing Activities		
Purchases of investments	(452,489)	(69,227)
Proceeds from sale of investments	438,665	59,491
Purchases of equipment and leasehold improvements	(11,261)	(9,397)
Net Cash Used in Investing Activities	(25,085)	(19,133)
Cash Flows from Financing Activities		
Repayment of long-term debt	(69,972)	(50,431)
Net Cash Used in Financing Activities	(69,972)	(50,431)
Net Change in Cash and Cash Equivalents	(105,695)	(188,689)
Cash and Cash Equivalents - Beginning	961,799	1,150,488
Cash and Cash Equivalents - Ending	\$ 856,104	\$ 961,799
Cash and Cash Equivalents as Presented on the Statements of Financial Position		
Cash and cash equivalents - current operating	\$ 453,892	\$ 587,136
Cash and cash equivalents - limited as to use	51,939	61,234
Replacement and operating reserves	350,273	313,429
	\$ 856,104	\$ 961,799

The accompanying notes are an integral part of these combined financial statements.

HOMES WITH HOPE, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The combined financial statements include the accounts of Homes with Hope, Inc. (HWH) and IHA, Inc., (IHA), collectively known as the “Association.” Both HWH and IHA are organized as non-profit corporations under the laws of the State of Connecticut to provide food and shelter for the homeless. IHA operates and administers an independent living facility for persons with mental disabilities and is subsidized by the U.S. Department of Housing and Urban Development (HUD) facilities and programs.

The Association operates various facilities and programs as follows:

- The Gillespie Center and Hoskins Place are located on Jesup Road in Westport and provides food and emergency shelter to homeless men and women. Clients receive case management services to help them obtain permanent housing and employment, or income through other sources.
- Project Return is located on Compo Road North in Westport and provides food and emergency shelter for young women ages 18 – 24 years. Clients receive case management services to help them obtain permanent housing and employment or an income through other sources.
- The Community Kitchen is the Association’s original program. It provides three meals daily, 365 days per year, at no cost, to anyone who comes to the Gillespie Center at mealtime. The Food Pantry also provides bags of nonperishable food weekly to any individual or family who asks.
- Mentoring Initiative provides mentoring for women and men in the community who are at risk of becoming homeless.
- After School Academic Program (ASAP) provides elementary to high school students a consistent structure, positive role models, academic support and enrichment activities that will help them develop the skills and tools they need to be successful at school and in their personal lives.
- HEAL (Health Empathy Altruism Love) is committed to helping adolescent girls living in our communities by bringing them together as a group to participate in volunteer service to others. Giving to others inspires feelings of well-being, optimism, confidence and success. In their service to others the girls begin to grow through that power of helping and healing others, gaining resiliency and improving their own self-esteem.
- The Powell Place Apartments on Saugatuck Avenue (IHA, Inc.) provides eight units of Permanent Supportive Housing (PSH) for the formerly homeless mentally ill.
- The Westport Rotary Centennial House is located on 10 West End Avenue in Westport and provides six units of PSH for the formerly homeless mentally ill.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NATURE OF OPERATIONS (CONTINUED)

- HwH provides case management and client support services to tenant/clients at Fair Street Apartments in Norwalk (10 units), Hales Court Apartments in Westport (10 units) and Sasco Creek Village in Westport (6 units).
- 86 Saugatuck Avenue property, adjacent to Powell Place, was purchased at the end of 2011 and became operational in June 2012. It provides PSH for one family.
- 1 Hayes Avenue, Norwalk property was purchased July 2014, providing two units of PSH.
- The Bacharach Community is located on Wassell Lane in Westport and provides 3 units of Permanent Supportive Housing (PSH) for formerly homeless mentally ill families.
- The Linxweiler House is located on the Post Road in Westport and provides 1 unit of Permanent Supportive Housing (PSH) for one formerly homeless mentally ill family.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The combined financial statements of the Association are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods or services is incurred, regardless of the timing of cash flows.

Net assets of the Association are classified based on the presence or absence of donor – imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Association. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state or federal laws.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS

In November, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230) – Restricted Cash. The update addresses the presentation of restricted cash on the statement of cash flows. Amounts included in restricted cash represent those required to be set aside under the mortgage agreement for the payment of specific obligations. Restricted cash includes mortgage escrow deposits, replacement reserve escrows and other reserves. The beginning cash and restricted cash balances on the statement of cash flows has been formatted to reflect this ASU. The supplemental information presented with these financial statements will continue to show these escrows separately as required by the HUD Real Estate Assessment Center.

In May 2014, the FASB issued ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance in ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance in ASU 2014-09 for the year ending December 31, 2019, primarily related to rental income and fees, under the modified retrospective approach, using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach, because management determined that the effect of applying the guidance to the Association's portfolio of contracts within the scope of ASU 2014-09 on the financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or the Association's performance obligations within that portfolio. This approach will also be used for future contract modifications, if any. The adoption of ASU 2014-09 did not have a material impact on the Association's financial statements and related disclosures.

The Association also adopted ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 605) for the year ending December 31, 2019, as management believes the standard improves the usefulness and understandability of the Association's financial reporting. The adoption of ASU 2018-08 did not have a material impact on the Association's financial statements and related disclosures.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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. These estimates include assessing the collectability of accounts receivable and the useful lives of long-lived assets. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Association's financial instruments classified as current assets and current liabilities (cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and debt) approximates fair value. The fair values of other financial instruments are disclosed in their respective notes.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less when purchased. The Federal Deposit Insurance Corporation (FDIC) deposit insurance covers up to \$250,000 per depositor on all accounts. The portion of the deposit in excess of this limit represents a credit risk to the Association. At times, the Association may have deposits in excess of insured limits. The Association has suffered no losses in connection with its banking activities.

INVESTMENTS AND INVESTMENT INCOME

Investments are measured at fair value in the combined statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income (including realized and unrealized gains and losses on investments, interest and dividend income) is included in the combined statements of activities and changes in net assets unless restricted by donor or law. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS LIMITED AS TO USE

Assets that have limited use include assets permanently restricted by donors and assets set aside by the Board of Directors. The Board's designated investments are overseen by the Finance Committee of the Board of Directors. In 2011, the Board of Directors approved a formal Investment Policy/Strategy and the appointment of an investment management firm. Investment policy indicates that prior to reaching \$250,000 the funds were to be invested in instruments with little or no risk. At the \$250,000 threshold, investment policy indicates that income from the funds can be made available to HWH for its ongoing operations and that the committee can determine whether to seek active and professional administration of the funds.

The Board designated cash and cash equivalents represent surplus cash relating to the CHFA-financed WRCH program.

ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Receivables from third-party payors, clients and donors are stated at the amount management expects to collect from outstanding balances. The Association provides for losses on receivables using the allowance method. The allowance is based on experience, specific review of outstanding balances, and other circumstances that may affect the client or donor's ability to meet their obligations. Receivables are considered impaired if payments are not received in accordance with the pledge terms. It is the Association's policy to charge off uncollectible contributions receivable when management determines the receivable will not be collected. As of December 31, 2019 and 2018, the Association had no allowances for doubtful accounts.

GRANTS

The Association recognizes as support, funds from grants as costs are incurred and specified activities are performed. Receivables are recognized to the extent costs have been incurred but not reimbursed. Conversely, liabilities are recognized when grant advances exceed costs incurred (refundable advances).

FEES

Fees billed are recognized in the period the services are performed.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS AND DONOR RESTRICTED GIFTS

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is awarded or received. Conditional promises to give and indications of intentions to give are reported at fair value only when the conditions on which they depend are substantially met and the promises become unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions. When long-lived assets are placed in service, thus satisfying purpose restrictions, the amount is included as a change in net assets, with and without donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Maintenance and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the combined statements of activities and changes in net assets for the respective period. Depreciation and amortization expense, totaling \$167,937 in 2019 and \$170,164 in 2018, is computed using the straight-line method over the estimated useful lives of the assets, which range from five to thirty nine years. Leasehold improvements are carried at cost and amortized over the shorter of their useful lives or the term of the lease, including anticipated lease renewal options.

The Association continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Association will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. In determining the expected future cash flows, the assets will be grouped at the lowest levels for which there are cash flows. There were no impairment losses in 2019 or 2018.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED ITEMS

Donated furniture and equipment are reported as contributions at their estimated fair values at date of receipt. The estimated fair value of contributed food and the estimated fair rental value of the facilities used by the Association are recognized both as revenue and expense in the combined statements of activities and changes in net assets.

EXPENSE ALLOCATION

Expenses are charged directly to program services, and management and general, based on specific identification to the extent practical. Expenses related to more than one function have been allocated using reasonable methodologies determined by management to be appropriate. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Project.

INCOME TAX STATUS

HWH and IHA were incorporated under the laws of the State of Connecticut and serve the public within the meaning of charitable, educational organizations as defined by Section 501(c)(3) of the Internal Revenue Code (the Code). As such HWH and IHA are exempt from state and federal income taxes pursuant to Section 509(a) of the Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

HWH and IHA are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Association has been able to continue its operations, however, at this point, the extent to which COVID-19 may impact the Association's financial condition or results of operations is uncertain.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 – CONTRIBUTED USE OF FACILITIES, GOODS, AND SERVICES

SUBSEQUENT EVENTS (CONTINUED)

The Association has received approval for a loan under the CARES Act Paycheck Protection Program from the Small Business Administration in the amount of \$116,700 through First County Bank. The Association anticipates this loan will be forgiven, thus turning into a grant in 2020.

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 4, 2020, the date the financial statements were available to be issued. Except as disclosed above, there were no subsequent events that require recognition or disclosure in these financial statements.

CONTRIBUTED USE OF FACILITIES AND GOODS

The Association operates shelter and residential facilities from properties that are donated by the Town of Westport. The Gillespie Center/Hoskins Place, the Linxweiler House, and the Project Return facility operate in properties that are owned by the Town of Westport. The Gillespie Center/Hoskins Place and Linxweiler House are leased at one dollar per year and will expire in October 2029. The Project Return facility is leased at one dollar per year through May 2021 with one option to renew for an additional 5 year term.

The Bacharach Community housing on Wassell Lane is leased for one dollar per year. The Wassell Lane Corporation has approved a lease extension through October 2024 with three options to renew for additional 5 year terms. The Association is responsible for all maintenance and insurance of the occupied facilities.

The Association receives contributions of food and clothing that are provided to residents and others in need without charge, recognized in the statements of activities and changes in net assets as both revenues and expenses.

The fair value of the contributed facilities, food and clothing for the years ended December 31 is as follows:

	2019	2018
Contributed use of facilities	\$ 324,964	\$ 319,218
Contributed food, clothing and other	683,110	601,056
	\$ 1,008,074	\$ 920,274

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 – CONTRIBUTED USE OF FACILITIES, GOODS, AND SERVICES (CONTINUED)

CONTRIBUTED SERVICES

The Association receives contributions of legal and other contracted services from individuals who regularly provide such services for compensation. All of the legal services and contracted services are provided as a contribution.

The fair value of those services for the years ended December 31 is as follows:

	2019	2018
Contributed legal services	\$ 4,500	\$ 1,500
Contributed contract services	35,839	33,156
	\$ 40,339	\$ 34,656

Those amounts have been recognized in the statements of activities and changes in net assets as both revenues and expenses because they meet the recognition criteria of services that the Association would have otherwise had to pay for.

Many people, including present and past board members, have contributed a significant amount of time to the activities of the Association without compensation. The financial statements do not reflect the value of those contributed services because those services do not meet the criteria for recognition.

NOTE 3 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at December 31 are as follows:

	2019	2018
Undesignated	\$ 258,732	\$ 350,598
Designated by the governing board	578,022	510,422
Total Net Assets Without Donor Restrictions	\$ 836,754	\$ 861,020

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions at December 31 may be expended for:

	2019	2018
Subject to the Passage of Time:		
HUD Capital Advance	\$ 840,000	\$ 840,000
HUD grant for residential housing	419,055	419,055
	1,259,055	1,259,055
Subject to Appropriation and Expenditure When a Specified Event Occurs:		
Endowment held in accordance with investment policy	105,939	105,939
Total Net Assets With Donor Restrictions	\$ 1,364,994	\$ 1,364,994

During the year ended December 31, 2000, the Association received proceeds from a capital advance totaling \$840,000 issued by the Department of Housing and Urban Development (HUD), used to acquire the Saugatuck Avenue apartments. As a condition to this advance, the Association is required to continue the use of the housing for eligible families until the maturity date of the advance, which ends June 30, 2041, or repay the entire amount of the advance plus interest at 6.25 percent.

During the year ended December 31, 2004, the Association received proceeds from a grant totaling \$321,525 issued by HUD for the purpose of acquiring residential housing. During the year ended December 31, 2008, the Association received an additional amount of \$97,530 from HUD as part of the same grant. As a condition of this grant, the Association is required to continue use of the residential housing for a 20 year period ending July 2024.

Management believes it will comply with the HUD requirements.

Net assets with donor restrictions consists of contributions for an endowment. The management of the funds are overseen by the Finance Committee and are commingled with the assets limited as to use. Income earned on these funds is available for the general operating purposes of the Association, as outlined in the Association’s investment policy.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

As required by accounting principles generally accepted in the United States of America (USGAAP), net assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Connecticut adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2007. In the absence of authoritative guidance on the application of Connecticut’s UPMIFA to donor-restricted funds, the Association interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Any remaining portion of the donor-restricted funds that is not classified in net assets with donor restrictions would be classified or recorded as unrestricted support by the Association, in a manner consistent with the standard of prudence prescribed by UPMIFA. From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. These deficiencies, which would be reported in net assets without donor restrictions, can result from unfavorable market fluctuations.

NOTE 5 – LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	2019	2018
Commercial real estate mortgage payable to a bank, due in monthly installments of \$1,187 including interest at 2.95 percent, through February 2033, collateralized by land and building located at 1 Hayes Avenue, Norwalk, CT.	\$ 154,467	\$ 164,003

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5 – LONG-TERM DEBT (CONTINUED)

	2019	2018
Commercial real estate mortgage payable to a bank, due in monthly installments of \$1,806 including interest at 2.95 percent, through February 2033, collateralized by land and building located at 1 Hayes Avenue, Norwalk, CT.	\$ 235,058	\$ 249,569
4% mortgage payable to the Connecticut Housing Finance Authority (CHFA), collateralized by land and building located at 10 West End Avenue, Westport, CT (WRCH).	<u>1,958,099</u>	<u>1,938,198</u>
	2,347,624	2,351,770
Less current portion	<u>24,768</u>	<u>24,049</u>
Long-Term Portion	<u><u>\$ 2,322,856</u></u>	<u><u>\$ 2,327,721</u></u>

CHFA MORTGAGE

The mortgage payable to CHFA was made for the purpose of constructing an apartment building for low income/permanent, supportive housing tenants. In December 2010, the construction phase was completed and the mortgage was converted to permanent financing with no payments due. Interest will accrue at 4 percent through the life of the loan. No payments of interest or principal are due during the term of the mortgage loan until maturity, except for annual payments of interest and/or principal from surplus cash (as defined in the Regulatory Agreement) and except upon an event of default as defined in the mortgage agreement. Surplus cash as determined on an annual basis will be applied proportionately at the discretion of CHFA to accrued interest and/or principal (75 percent) and to the operating reserve (25 percent).

The mortgage loan matures upon the earlier of (i) the date of the occurrence of a Capital Transaction (the sale, assignment, refinance or a transfer of the property, including a substantial change in ownership of the Association) or (ii) the date which is thirty (30) years from the commencement of the permanent term of the mortgage loan.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5 – LONG-TERM DEBT (CONTINUED)

CHFA MORTGAGE (CONTINUED)

At maturity, the entire unpaid principal balance of the mortgage loan, together with all accrued interest, shall be fully due and payable, provided, however that if (i) the maturity occurs thirty (30) years from the date of commencement of the permanent term of the mortgage loan, and (ii) the mortgagor agrees at such time pursuant to an amendment of the mortgage that for an additional period of time of thirty (30) year from maturity the mortgagor shall (a) have the development continue to participate in the Next Steps Program and/or (b) maintain the development as affordable housing at levels and upon terms and conditions satisfactory to CHFA, and/or (c) utilize the development for other purposes upon terms and conditions acceptable to CHFA then, in any of such events, the mortgage loan, including principal, accrued interest and any other indebtedness due shall be forgiven. The balance at December 31, 2019 and 2018 on the CHFA mortgage was \$1,958,098 and \$1,938,198, respectively, including accumulated accrued interest of \$312,438 and \$292,537, respectively.

In 2018, the Association was notified by CHFA that based on the review of the 2017 annual financial statements, surplus cash of \$38,670 had been identified. Accordingly, seventy five percent of that amount, or \$29,003, was applied to accrued interest. The remaining \$9,667 was deposited into the operating reserve.

In 2019, the Association was notified by CHFA that based on the review of the 2018 annual financial statements, surplus cash of \$61,234 had been identified. Accordingly, seventy five percent of that amount, or \$45,925, was applied to accrued interest. The remaining \$15,309 was deposited into the operating reserve.

Annual maturities of the Association’s long-term debt over each of the next five years and thereafter are as follows:

2019	\$	24,768
2020		25,508
2021		26,271
2022		27,057
2023		27,866
Thereafter		<u>2,216,154</u>
	\$	<u>2,347,624</u>

HOMES WITH HOPE, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6 – GRANTS

A summary of grants for the years ended December 31, 2019 and 2018 is as follows:

Grantor	Grant Period	2019			
		Grant Amount	Grant Receivable	Refundable Advances	Grant Revenue
Department of Housing	07/01/18 - 06/30/19	\$ 158,638	\$ --	\$ --	\$ 80,104
Department of Housing	07/01/19 - 06/30/20	158,638	--	--	79,319
Department of Mental Health and Addiction Services	07/01/18 - 06/30/19	349,461	--	8,685	166,458
Department of Mental Health and Addiction Services	07/01/19 - 06/30/20	351,025	--	26,956	176,463
Supportive Housing Works - CT RRP contract	07/01/18 - 06/30/19	35,268	--	--	17,634
	07/01/19 - 06/30/20	35,268	8,818	--	17,634
Supportive Housing Works - Diversion Grant	11/1/18 - 6/30/19	80,000	30,000	--	60,000
	7/1/19 - 6/30/20	120,000	60,000	--	60,000
Family & Children's Agency, Inc.	07/01/18 - 06/30/19	23,562	--	--	11,781
Family & Children's Agency, Inc.	07/01/19 - 06/30/20	23,562	11,781	--	11,781
Emergency Food and Shelter	09/01/18 - 08/30/19	18,364	--	--	9,182
Emergency Food and Shelter	09/01/19 - 08/30/20	18,482	--	9,182	9,300
Town of Weston	07/01/17 - 06/30/18	9,000	--	--	500
Town of Weston	07/01/18 - 06/30/19	9,000	--	--	4,500
Town of Weston	07/01/19 - 06/30/20	9,000	--	4,500	4,500
Town of Wilton	07/01/18 - 06/30/19	8,000	--	--	4,000
Town of Westport	07/01/18 - 06/30/19	13,000	--	--	6,750
Town of Westport	07/01/19 - 06/30/20	13,000	3,250	--	6,500
			<u>\$ 113,849</u>	<u>\$ 49,323</u>	<u>\$ 726,406</u>

HOMES WITH HOPE, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6 – GRANTS (CONTINUED)

Grantor	Grant Period	Grant Amount	2018		Grant Revenue
			Grant Receivable	Refundable Advances	
Department of Housing	07/01/17 - 06/30/18	\$ 157,066	\$ --	\$ --	\$ 78,533
Department of Housing	07/01/18 - 06/30/19	157,067	--	--	78,534
Department of Mental Health and Addiction Services	07/01/17 - 06/30/18	348,635	--	--	173,179
Department of Mental Health and Addiction Services	07/01/18 - 06/30/19	348,635	--	28,862	174,318
Supportive Housing Works - CT RRP contract	07/01/16 - 06/30/17	35,268	--	--	(9,380)
	07/01/17 - 06/30/18	35,268	--	--	17,634
	07/01/18 - 06/30/19	35,268	--	--	17,634
Supportive Housing Works - Diversion Grant	11/1/18 - 6/30/19	80,000	20,000	--	20,000
Family & Children's Agency, Inc.	07/01/16 - 06/30/17	25,000		--	(1,438)
Family & Children's Agency, Inc.	07/01/17 - 06/30/18	23,560	--	--	11,780
Family & Children's Agency, Inc.	07/01/18 - 06/30/19	23,563	5,891		11,781
Emergency Food and Shelter	09/01/17 - 08/30/18	20,556			10,278
Emergency Food and Shelter	09/01/18 - 08/30/19	18,634	--	--	9,182
Town of Weston	07/01/17 - 06/30/18	9,000	--	500	4,000
Town of Weston	07/01/18 - 06/30/19	9,000		4,500	4,500
Town of Wilton	07/01/17 - 06/30/18	8,000	--	--	4,000
Town of Wilton	07/01/18 - 06/30/19	8,000		4,000	4,000
Town of Westport	07/01/17 - 06/30/18	13,000	--	--	6,500
Town of Westport	07/01/18 - 06/30/19	12,500	3,000	--	6,250
			<u>\$ 28,891</u>	<u>\$ 37,862</u>	<u>\$ 621,285</u>

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments, which are stated at fair value, consist of the following at December 31:

	2019		
	Cost	Fair Value	Excess (Deficiency) of Fair Value Over Cost
Short-term cash investments	\$ 209,347	\$ 209,347	\$ --
Equity securities	<u>345,636</u>	<u>368,675</u>	<u>23,039</u>
	<u>\$ 554,983</u>	<u>\$ 578,022</u>	<u>\$ 23,039</u>
	2018		
	Cost	Fair Value	Excess (Deficiency) of Fair Value Over Cost
Short-term cash investments	\$ 11,885	\$ 11,885	\$ --
Corporate bonds	213,927	206,902	(7,025)
Equity securities	<u>258,093</u>	<u>291,635</u>	<u>33,542</u>
	<u>\$ 483,905</u>	<u>\$ 510,422</u>	<u>\$ 26,517</u>

Investment return for the years ended December 31 is summarized as follows:

	2019	2018
Unrealized (loss) gain	\$ (3,478)	\$ (54,320)
Realized gains	57,254	11,285
Interest and dividends	<u>19,822</u>	<u>16,423</u>
	<u>\$ 73,598</u>	<u>\$ (26,612)</u>

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology based on unadjusted quoted market prices in active markets that are accessible at the measurement date.
- Level 2 – Inputs to the valuation methodology that include quoted market prices that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level of the asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

- The Association values investments in equity securities that are freely traded and listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year (Level 1).
- The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads or other available data. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond swap spreads, and other available inputs. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.
- Short-term cash investments are valued at \$1 per share.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE MEASUREMENT (CONTINUED)

The following table presents information about investments measured at fair value:

	December 31, 2019		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Short-term cash investments	\$ 209,347	\$ --	\$ 209,347
Equity securities	<u>368,675</u>	<u>--</u>	<u>368,675</u>
	<u>\$ 578,022</u>	<u>\$ --</u>	<u>\$ 578,022</u>
	December 31, 2018		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Short-term cash investments	\$ 11,885	\$ --	\$ 11,885
Corporate bonds	--	206,902	206,902
Equity securities	<u>291,635</u>	<u>--</u>	<u>291,635</u>
	<u>\$ 303,520</u>	<u>\$ 206,902</u>	<u>\$ 510,422</u>

RISKS AND UNCERTAINTIES

The Association's investment securities are subject to exposure to various risks such as interest rate risk, financial market risk, and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the value of investment securities reported in the Association's financial statements.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 – REPLACEMENT AND OPERATING RESERVES

IHA's agreement with HUD (the Regulatory Agreement) requires IHA to make monthly deposits of \$1,113 into a reserve fund for property replacements. The deposits must be paid into a separate federally insured bank account in the name of the IHA and no distribution from the reserve fund shall be made without the prior written approval of HUD. Restricted deposits, which total \$76,619 and \$70,767 at December 31, 2019 and 2018, respectively, are held by a third-party trustee.

HWH's agreement with CHFA requires HWH to make deposits into a reserve fund for property replacements, and an escrow for property taxes and insurance. The deposits must be paid into a separate federally insured bank account in the name of the HWH and no distribution from the reserve fund shall be made without the prior written approval of CHFA. Restricted deposits, which total \$273,354 and \$242,362 at December 31, 2019 and 2018, respectively, are held by a third-party trustee.

NOTE 9 – RESIDUAL RECEIPTS RESERVE

The Regulatory Agreement requires that residual receipts, if any, realized from the operation of the mortgaged property be deposited into a residual receipts fund within sixty days after the end of each year. Residual receipts arise from any surplus cash from an annual calculation defined by HUD. The deposits must be paid into a separate federally insured bank account in the name of IHA. No distribution from such fund shall be made without the prior written approval of HUD. HUD has the authority to approve, modify or reject IHA's proposed usage of residual receipts. IHA was not required to deposit funds in 2019 or 2018 for the years ended December 31, 2018 and 2017, respectively.

NOTE 10 – PROJECT RENTAL ASSISTANCE CONTRACT (IHA, INC., HUD PROJECT NO. 017-HD015)

IHA receives rental subsidies under a Project Rental Assistance Contract (PRAC) with HUD. Under the terms of this contract, HUD's assistance to IHA, recorded as rental income in the accompanying combined statements of activities and changes in net assets, was \$114,852 and \$130,895 for the years ended December 31, 2019 and 2018, respectively.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 – RESIDENTIAL ASSISTANCE PROGRAM

HWH receives rental subsidies under a Residential Assistance Program contract with the State of Connecticut Department of Social Services. Rental income revenue from the contract, recorded in the accompanying combined statements of activities and changes in net assets, was \$123,828 and \$128,740 for the years ended December 31, 2019 and 2018, respectively.

NOTE 12 – DISTRIBUTIONS

IHA's regulatory agreement with HUD allows the Project to make distributions subject to certain provisions. For the year ended December 31, 2019 and 2018 there were no distributions made.

NOTE 13 – INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Association's primary sources of support are contributions and fundraising, including donated use of facilities, goods and services, grant, and program (rental) income. Grant revenues are generally required to be used in accordance with the purpose restrictions imposed by the grant agreements. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Association's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include restricted cash balances and board-designated investments intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated investments for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

HOMES WITH HOPE, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 13 – INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

	2019	2018
Cash and cash equivalents	\$ 505,831	\$ 648,370
Accounts receivable	100,953	11,753
Grants receivable	113,849	28,891
Investments	578,022	510,422
 Total financial assets	 1,298,655	 1,199,436
 Investments with liquidity horizons greater than one year		
Restricted cash	(51,939)	(61,234)
Board-designated investments	(578,022)	(510,422)
 Financial assets available to meet cash needs for expenditures within one year	 <u>\$ 668,694</u>	 <u>\$ 627,780</u>

HOMES WITH HOPE, INC. AND AFFILIATE

SCHEDULE I – DETAILS OF COMBINED REVENUES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Individuals	\$ 1,201,806	\$ 1,053,158
Corporate and foundations	344,264	313,862
Religious organizations	<u>35,917</u>	<u>42,268</u>
Total Contributions	<u>\$ 1,581,987</u>	<u>\$ 1,409,288</u>
State of Connecticut - DOH	\$ 159,423	\$ 157,066
State of Connecticut - DMHAS	342,921	347,497
New Reach, Inc. - Fairfield Housing First Collaborative	23,562	22,124
Supportive Housing Works - CT RRP contract	155,268	45,888
Emergency Food and Shelter Program	18,482	19,460
Town of Westport	13,250	12,750
Town of Weston	9,500	8,500
Town of Wilton	<u>4,000</u>	<u>8,000</u>
Total Grants	<u>\$ 726,406</u>	<u>\$ 621,285</u>
Facilities	\$ 324,964	\$ 319,218
Food, clothing and other	683,110	601,056
Legal services	4,500	1,500
Consulting services	<u>35,839</u>	<u>33,156</u>
Donated Facilities, Goods and Services	<u>\$ 1,048,413</u>	<u>\$ 954,930</u>
Gillespie Center and Hoskins Place	\$ 6,769	\$ 16,874
Linxweiler House	--	50
Bacharach Community	<u>250</u>	<u>2,045</u>
Total Fees	<u>\$ 7,019</u>	<u>\$ 18,969</u>

See independent auditors' report.