

HOMES WITH HOPE, INC.

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

HOMES WITH HOPE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Homes with Hope, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Homes with Hope, Inc. which comprise the combined statement of financial position as of December 31, 2017 and 2016, 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. as of December 31, 2017 and 2016, 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 on page 28 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such 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 schedule of combined revenues 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 information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Marcum LLP

New Haven, CT
April 30, 2018

HOMES WITH HOPE, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 824,879	\$ 1,077,522
Accounts receivable	34,376	9,633
Grants receivable	37,102	38,005
Prepaid expenses	16,713	18,163
Total Current Assets	<u>913,070</u>	<u>1,143,323</u>
Assets Limited As To Use		
Cash and cash equivalents	38,670	105,372
Board designated investments	543,721	488,176
Total Assets Limited As To Use	<u>582,391</u>	<u>593,548</u>
Property, Equipment and Leasehold Improvements		
Land and buildings	4,387,445	4,383,660
Furniture and equipment	206,743	185,651
Leasehold improvements	781,764	781,764
	5,375,952	5,351,075
Less accumulated depreciation and amortization	<u>2,018,837</u>	<u>1,847,821</u>
Total Property, Equipment and Leasehold Improvements	<u>3,357,115</u>	<u>3,503,254</u>
Other Assets		
Replacement and operating reserves	286,939	234,751
Tenants deposits held in trust	2,303	2,303
Total Other Assets	<u>289,242</u>	<u>237,054</u>
	<u>\$ 5,141,818</u>	<u>\$ 5,477,179</u>

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

HOMES WITH HOPE, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2017 AND 2016

	2017	2016
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 21,431	\$ 24,252
Accounts payable	82,316	47,990
Accrued payroll and related withholdings	50,839	51,081
Refundable advances	15,914	65,103
Funds held for residents	1,752	1,752
Total Current Liabilities	<u>172,252</u>	<u>190,178</u>
Long-Term Debt		
Commercial mortgages, net of current portion	413,569	417,054
CHFA mortgage	1,901,374	1,914,576
Total Long-Term Debt	<u>2,314,943</u>	<u>2,331,630</u>
Other Liabilities		
Security deposits	11,614	12,049
Total Liabilities	<u>2,498,809</u>	<u>2,533,857</u>
Net Assets		
Unrestricted	1,278,015	1,578,328
Temporarily restricted	1,259,055	1,259,055
Permanently restricted	105,939	105,939
Total Net Assets	<u>2,643,009</u>	<u>2,943,322</u>
	<u>\$ 5,141,818</u>	<u>\$ 5,477,179</u>

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

HOMES WITH HOPE, INC.

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Year ended December 31, 2017				Year ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support								
Contributions and fundraising	\$ 1,455,749	\$ --	\$ --	\$ 1,455,749	\$ 1,195,101	\$ --	\$ --	\$ 1,195,101
Contributed use of facilities, goods and services	907,700	--	--	907,700	819,823	--	--	819,823
Grants	653,620	--	--	653,620	779,550	--	--	779,550
Rental income	365,050	--	--	365,050	359,121	--	--	359,121
Fees	44,324	--	--	44,324	44,880	--	--	44,880
Investment income	60,694	--	--	60,694	29,296	--	--	29,296
	3,487,137	--	--	3,487,137	3,227,771	--	--	3,227,771
Expenses								
Program	3,128,178	--	--	3,128,178	2,649,856	--	--	2,649,856
General and administrative	294,293	--	--	294,293	271,709	--	--	271,709
Fundraising costs	364,979	--	--	364,979	287,654	--	--	287,654
	3,787,450	--	--	3,787,450	3,209,219	--	--	3,209,219
Change in Net Assets from Operations	(300,313)	--	--	(300,313)	18,552	--	--	18,552
Other Change in Net Assets								
Transfer of assets - contribution agreement	--	--	--	--	429,199	--	--	429,199
Change in Net Assets	(300,313)	--	--	(300,313)	447,751	--	--	447,751
Net Assets - Beginning	1,578,328	1,259,055	105,939	2,943,322	1,130,577	1,259,055	105,939	2,495,571
Net Assets - Ending	<u>\$ 1,278,015</u>	<u>\$ 1,259,055</u>	<u>\$ 105,939</u>	<u>\$ 2,643,009</u>	<u>\$ 1,578,328</u>	<u>\$ 1,259,055</u>	<u>\$ 105,939</u>	<u>\$ 2,943,322</u>

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

HOMES WITH HOPE, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Year ended December 31, 2017				Year ended December 31, 2016			
	Program Expense	General and Administrative	Fundraising Costs	Total	Program Expense	General and Administrative	Fundraising Costs	Total
Payroll and related expenses	\$ 1,325,231	\$ 154,383	\$ 166,046	\$ 1,645,660	\$ 1,012,450	\$ 134,120	\$ 154,305	\$ 1,300,875
Depreciation and amortization	159,374	12,814	--	172,188	158,741	12,188	--	170,929
Direct fundraising expenses	--	--	171,037	171,037	--	--	113,334	113,334
Space occupancy	148,725	--	--	148,725	136,275	--	--	136,275
Interest expense	107,615	--	--	107,615	93,370	--	--	93,370
Professional fees and contracted services	104,460	71,184	--	175,644	104,595	62,710	--	167,305
Repairs and maintenance	113,813	--	--	113,813	114,723	--	--	114,723
Office expense	48,040	16,013	1,726	65,779	41,635	13,880	11,709	67,224
Insurance	39,954	13,318	--	53,272	33,638	11,213	--	44,851
Shelter and other program related services	125,231	--	--	125,231	93,409	--	--	93,409
Postage and delivery	--	1,234	26,170	27,404	--	2,055	8,306	10,361
Other operating expenses	19,358	--	--	19,358	25,255	12,403	--	37,658
Travel	13,936	4,647	--	18,583	11,562	3,855	--	15,417
Food purchases	8,604	--	--	8,604	8,041	--	--	8,041
Internet and telephone	17,477	5,825	--	23,302	8,466	2,822	--	11,288
Memberships and subscriptions	2,651	884	--	3,535	2,955	1,380	--	4,335
Contributed facilities	311,736	--	--	311,736	305,324	--	--	305,324
Contributed food, clothing and other	561,786	--	--	561,786	468,301	--	--	468,301
Contributed professional fees and contracted services	20,187	13,991	--	34,178	31,116	15,083	--	46,199
	<u>\$ 3,128,178</u>	<u>\$ 294,293</u>	<u>\$ 364,979</u>	<u>\$ 3,787,450</u>	<u>\$ 2,649,856</u>	<u>\$ 271,709</u>	<u>\$ 287,654</u>	<u>\$ 3,209,219</u>

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

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets from operations	\$ (300,313)	\$ 18,552
Adjustments to reconcile change in net assets from operations to net cash (used in) provided by operating activities:		
Depreciation and amortization	172,188	170,929
Interest accrued on CHFA note	65,826	65,826
Net realized and unrealized gain on investments	(46,124)	(12,511)
Changes in assets and liabilities:		
Grants receivable	903	27,182
Accounts receivable	(24,743)	5,296
Prepaid expenses	1,450	(5,950)
Accounts payable	34,326	33,806
Accrued payroll and related withholdings	(242)	35,412
Refundable advances	(49,189)	12,261
Security deposits	(435)	3,181
Net Cash (Used in) Provided by Operating Activities	<u>(146,353)</u>	<u>353,984</u>
Cash Flows from Investing Activities		
Purchases of investments	(58,062)	(76,197)
Proceeds from sale of investments	48,641	16,165
Cash received from contribution agreement	--	374,649
Deposits to replacement and operating reserves	(52,188)	(25,019)
Purchases of equipment and leasehold improvements	(26,049)	(25,050)
Net Cash (Used in) Provided by Investing Activities	<u>(87,658)</u>	<u>264,548</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	(85,334)	(24,683)
Net Cash Used in Financing Activities	<u>(85,334)</u>	<u>(24,683)</u>
Net Change in Cash and Cash Equivalents	(319,345)	593,849
Cash and Cash Equivalents - Beginning	<u>1,182,894</u>	<u>589,045</u>
Cash and Cash Equivalents - Ending	<u>\$ 863,549</u>	<u>\$ 1,182,894</u>

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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 provide food and emergency shelter to homeless men and women. Residents are provided with referral services to help them obtain permanent housing, employment, financial assistance, and to help them overcome substance abuse.
- The Bacharach Community is located on Wassell Lane in Westport and provides emergency shelter for homeless women who have children. Residents are provided with referral services to help them obtain permanent housing, employment, financial assistance, and to help them overcome substance abuse.
- The Linxweiler House is located on the Post Road in Westport and provides emergency shelter for homeless women who have children. Residents are provided with referral services to help them obtain permanent housing, employment, financial assistance, and to help them overcome substance abuse.
- Women’s Mentoring Initiative (WMI) provides mentoring for women in the community who are at risk of becoming homeless.
- The Powell Place Apartments at Saugatuck Avenue (IHA) provide eight units of Permanent Supportive Housing (PSH) for the formerly homeless mentally ill.
- The Westport Rotary Centennial House (WRCH) is located on 10 West End Avenue in Westport and provides six units of PSH for the formerly homeless mentally ill.
- 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 two grocery bags of nonperishable food per week to any individual or family who asks.
- HWH provides case management and client support services to tenant/clients at the Fair Street Apartments in Norwalk (7 units), the Hales Court Apartments in Westport (10 units) and Sasco Creek Village in Westport (6 units).

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS (CONTINUED)

- 86 Saugatuck Avenue property 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.

TRANSFER OF ASSETS – CONTRIBUTION AGREEMENT

In October 2016, HWH entered into a Contribution Agreement (the Agreement) with Project Return, Inc., a not-for-profit organization with a location on Compo Road in Westport, CT that provides shelter for young women in crisis.

In accordance with the Agreement, Project Return contributed substantially all of its assets to HWH, which included cash and investments totaling \$374,649, furniture, fixtures, and leasehold improvements recognized at a fair value of \$54,550, and certain other assets used in or relating to Project Return programs and activities. As part of the Agreement, HWH assumed the obligations and duties for performance under a lease agreement for the Compo Road location.

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.

To ensure observance of limitations and restrictions that may be placed on the use of resources available, the accounts of the Association are maintained in the following asset categories:

Unrestricted – Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are grants and contracts which are earmarked for specific purposes.

Temporarily Restricted – Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or as to time of expenditure.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Permanently Restricted – Permanently restricted net assets represent contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

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 Association has deposits in financial institutions that insure deposits up to \$250,000 per depositor through the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC coverage are not insured and thereby represent a credit risk to the Association. As of December 31, 2017 and 2016 the Association had uninsured deposits totaling approximately \$198,000 and \$223,000, respectively. The Association has suffered no losses in connection with its banking activities.

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.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS LIMITED AS TO USE (CONTINUED)

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.

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.

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.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017 and 2016, the Association had no allowances for doubtful accounts.

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 either temporarily or permanently restricted support 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, temporarily restricted net assets are reclassified as unrestricted net assets 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, restricted and unrestricted. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions 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 \$170,842 in 2017 and \$170,929 in 2016, 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.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (CONTINUED)

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.

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

The costs of providing programs and other activities have been summarized on a functional basis in the combined statements of activities and changes in net assets and in the combined statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

INCOME TAXES

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.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

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, 2017, 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.

NEW ACCOUNTING PRONOUNCEMENTS

The Association continually assesses new accounting pronouncements to determine their applicability to the Association. Except as described below, the Association has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its financial statements.

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize the assets and liabilities that arise from all leases (operating and financing). However, for leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. The guidance is effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020, with early adoption permitted. Management is currently evaluating the impact this ASU will have on the Association's financial position and results of operations.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which amends revenue recognition guidance and requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the impact this ASU will have on the Association's financial position and results of operations.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

The Association has evaluated subsequent events through April 30, 2018, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of December 31, 2017, have been incorporated into these financial statements.

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

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, and the Linxweiler House 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 November 2019.

The Bacharach Community housing on Wassell Lane is leased for one dollar per year. The Wassell Lane Corporation has approved a lease extension through June 2018 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.

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

	<u>2017</u>	<u>2016</u>
Contributed use of facilities	\$ 311,736	\$ 305,324
Contributed food, clothing and other	<u>561,786</u>	<u>468,301</u>
	<u>\$ 873,522</u>	<u>\$ 773,625</u>

Those amounts have been recognized in the statements of activities and changes in net assets as both revenues and expenses.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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:

	2017	2016
Contributed legal services	\$ 1,500	\$ 25,000
Contributed contract services	<u>32,678</u>	<u>21,198</u>
	<u>\$ 34,178</u>	<u>\$ 46,198</u>

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 – TEMPORARILY RESTRICTED NET ASSETS

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.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

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.

NOTE 4 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist 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.

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 permanently restricted net assets (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.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 – PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (CONTINUED)

Any remaining portion of the donor-restricted funds that is not classified in permanently restricted net assets would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure, 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 unrestricted net assets, can result from unfavorable market fluctuations.

NOTE 5 – LONG-TERM DEBT

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

	2017	2016
Commercial real estate mortgage payable to a bank, due in monthly installments of \$1,436 including interest at 5.24 percent, through November 2031, collateralized by land and building located at 86 Saugatuck Avenue, Westport, CT.	\$ -	\$ 177,252
Commercial real estate mortgage payable to a bank, due in monthly installments of \$2,282 including interest at 4.35 percent, through July 2024, collateralized by land and building located at 1 Hayes Avenue, Norwalk, CT.	--	264,054
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 86 Saugatuck Avenue, Westport, CT.	172,500	--

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 5 – LONG-TERM DEBT

	2017	2016
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.	262,500	--
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>1,901,374</u>	<u>1,914,576</u>
	2,336,374	2,355,882
Less current portion	<u>21,431</u>	<u>24,252</u>
Long-Term portion	<u>\$ 2,314,943</u>	<u>\$ 2,331,630</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.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016 on the CHFA mortgage was \$1,901,374 and \$1,914,576, respectively, including accumulated accrued interest of \$255,713 and \$268,915, respectively.

In 2016, the Association was notified by CHFA that based on the review of the 2015 annual financial statements, surplus cash of \$2,368 had been identified. Accordingly, seventy five percent of that amount, or \$1,776, was applied to accrued interest. The remaining \$592 was deposited into the operating reserve.

In 2017, the Association was notified by CHFA that based on the review of the 2016 annual financial statements, surplus cash of \$105,372 had been identified. Accordingly, seventy five percent of that amount, or \$79,029, was applied to accrued interest. The remaining \$26,343 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:

2018	\$	21,431
2019		24,049
2020		24,768
2021		25,508
2022		26,271
Thereafter		<u>2,214,347</u>
	\$	<u><u>2,336,374</u></u>

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 – GRANTS

A summary of grants for the years ended December 31, 2017 and 2016 is as follows:

Grantor	Grant Period	2017			
		Grant Amount	Grant Receivable	Refundable Advances	Grant Revenue
Department of Housing	07/01/16 - 06/30/17	\$ 157,067	\$ --	\$ --	\$ 78,534
Department of Housing	07/01/17 - 06/30/18	157,067	--	--	78,534
Department of Mental Health and Addiction Services	07/01/14 - 06/30/15	295,519	--	--	(9,821)
Department of Mental Health and Addiction Services	07/01/15 - 06/30/16	364,586	--	--	--
Department of Mental Health and Addiction Services	07/01/16 - 06/30/17	364,586	--	--	182,293
Department of Mental Health and Addiction Services	07/01/17 - 06/30/18	348,635	--	1,136	174,317
Supportive Housing Works - CT RRP contract	07/01/16 - 06/30/17	35,268	9,380	--	17,634
	07/01/17 - 06/30/18	35,268	8,817	--	17,634
New Reach, Inc. - Fairfield Housing First Collaborative	09/30/16 - 09/29/17	52,000	--	--	39,000
Family & Children's Agency, Inc.	07/01/16 - 06/30/17	25,000	6,250	--	12,500
Family & Children's Agency, Inc.	07/01/17 - 06/30/18	23,560	2,155	--	11,780
Emergency Food and Shelter National Board Program	09/01/15 - 08/31/16	19,902	--	--	9,951
	09/01/16 - 08/30/17	20,556	--	10,278	10,278
Town of Weston	07/01/15 - 06/30/16	14,853	--	--	1,236
Town of Weston	07/01/16 - 06/30/17	9,000	--	--	4,500
Town of Weston	07/01/17 - 06/30/18	9,000	6,500	4,500	4,500
Town of Wilton	07/01/16 - 06/30/17	8,000	--	--	4,000
Town of Wilton	07/01/17 - 06/30/18	8,000	4,000	--	4,000
Town of Westport	07/01/16 - 06/30/17	12,500	--	--	6,250
Town of Westport	07/01/17 - 06/30/18	13,000	--	--	6,500
			\$ 37,102	\$ 15,914	\$ 653,620

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 – GRANTS (CONTINUED)

Grantor	Grant Period	Grant Amount	2016		Grant Revenue
			Grant Receivable	Refundable Advances	
Department of Housing	07/01/15 - 06/30/16	\$ 166,649	\$ --	\$ --	\$ 83,324
Department of Housing	07/01/16 - 06/30/17	157,067	--	--	78,534
Department of Mental Health and Addiction Services	07/01/13 - 06/30/14	246,186	--	15,032	--
Department of Mental Health and Addiction Services	07/01/15 - 06/30/16	364,586	--	--	182,293
Department of Mental Health and Addiction Services	07/01/16 - 06/30/17	364,586	--	30,383	182,293
Supportive Housing Works - CT RRP contract	07/01/16 - 06/30/17	35,268	9,380	--	17,634
	07/01/15 - 06/30/16	37,519	--	--	18,760
New Reach, Inc. - Fairfield Housing First Collaborative	09/30/15 - 09/29/16	52,000	--	--	37,818
	09/30/16 - 09/29/17	52,000	13,000	--	13,000
Family & Children's Agency, Inc.	07/01/15 - 06/30/16	25,000	--	--	12,500
Family & Children's Agency, Inc.	07/01/16 - 06/30/17	25,000	12,500	--	12,500
Emergency Food and Shelter National Board Program	09/01/15 - 08/30/16	19,902	--	9,951	9,951
Town of Weston	07/01/15 - 06/30/16	14,853	--	1,237	6,189
Town of Weston	07/01/16 - 06/30/17	9,000	--	4,500	4,500
Town of Wilton	07/01/16 - 06/30/17	8,000	--	4,000	4,000
Town of Westport	07/01/15 - 06/30/16	12,500	--	--	6,250
Town of Westport	07/01/16 - 06/30/17	12,500	3,125	--	6,250
Other grants		103,754	--	--	103,754
			<u>\$ 38,005</u>	<u>\$ 65,103</u>	<u>\$ 779,550</u>

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7 – INVESTMENTS AND FAIR VALUE MEASUREMENT

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

	2017		
	Cost	Fair Value	Excess (Deficiency) of Fair Value Over Cost
	Cost	Fair Value	Over Cost
Short-term cash investments	\$ 53,676	\$ 53,676	\$ --
Corporate bonds	215,156	215,422	266
Equity securities	<u>194,052</u>	<u>274,623</u>	<u>80,571</u>
	<u>\$ 462,884</u>	<u>\$ 543,721</u>	<u>\$ 80,837</u>
	2016		
	Cost	Fair Value	Excess (Deficiency) of Fair Value Over Cost
Short-term cash investments	\$ 28,925	\$ 28,925	\$ --
Corporate bonds	206,784	205,353	(1,431)
Equity securities	<u>220,271</u>	<u>253,898</u>	<u>33,627</u>
	<u>\$ 455,980</u>	<u>\$ 488,176</u>	<u>\$ 32,196</u>

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

	2017	2016
Unrealized gain	\$ 48,641	\$ 5,044
Realized (loss) gain	(2,517)	7,467
Interest and dividends	<u>14,570</u>	<u>16,785</u>
	<u>\$ 60,694</u>	<u>\$ 29,296</u>

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016.

- 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Short-term cash investments	\$ 53,676	\$ --	\$ 53,676
Corporate bonds	--	215,422	215,422
Equity securities	<u>274,623</u>	<u>--</u>	<u>274,623</u>
	<u>\$ 328,299</u>	<u>\$ 215,422</u>	<u>\$ 543,721</u>

	December 31, 2016		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Short-term cash investments	\$ 28,925	\$ --	\$ 28,925
Corporate bonds	--	205,353	205,353
Equity securities	<u>253,898</u>	<u>--</u>	<u>253,898</u>
	<u>\$ 282,823</u>	<u>\$ 205,353</u>	<u>\$ 488,176</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.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 – REPLACEMENT AND OPERATING RESERVES

RISKS AND UNCERTAINTIES (CONTINUED)

IHA's agreement with HUD (the Regulatory Agreement) requires IHA to make monthly deposits of \$1,055 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 \$68,454 and \$55,785 at December 31, 2017 and 2016, 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 \$218,185 and \$178,966 at December 31, 2017 and 2016, 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 2017 or 2016 for the years ended December 31, 2016 and 2015, 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 commitment to IHA, amounts recorded as rental income in the accompanying combined statements of activities and changes in net assets, were \$121,723 and \$109,454 for the years ended December 31, 2017 and 2016, respectively.

HOMES WITH HOPE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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 \$129,237 and \$128,898 for the years ended December 31, 2017 and 2016, respectively.

NOTE 12 – DISTRIBUTIONS

IHA's regulatory agreement with HUD allows the Project to make distributions subject to certain provisions. For the years ended December 31, 2017 and 2016 there were no distributions made.

HOMES WITH HOPE, INC.

SCHEDULE I – DETAILS OF COMBINED REVENUES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Individuals	\$ 979,952	\$ 915,463
Corporate and foundations	434,750	246,419
Religious organizations	<u>41,047</u>	<u>33,219</u>
Total Contributions	<u>\$ 1,455,749</u>	<u>\$ 1,195,101</u>
State of Connecticut - DOH	\$ 157,067	\$ 161,858
State of Connecticut - DMHAS	346,789	364,586
New Reach, Inc. - Fairfield Housing First Collaborative	63,280	78,000
Supportive Housing Works - CT RRP contract	35,268	36,394
Other grants	--	101,572
Emergency Food and Shelter Program	20,229	9,951
Town of Westport	12,750	12,500
Town of Weston	10,237	10,689
Town of Wilton	<u>8,000</u>	<u>4,000</u>
Total Grants	<u>\$ 653,620</u>	<u>\$ 779,550</u>
Facilities	\$ 311,736	\$ 305,324
Food, clothing and other	561,786	468,301
Legal services	1,500	25,000
Consulting services	<u>32,678</u>	<u>21,198</u>
Donated Facilities, Goods and Services	<u>\$ 907,700</u>	<u>\$ 819,823</u>
Gillespie Center and Hoskins Place	\$ 42,237	\$ 41,167
Linxweiler House	--	763
Bacharach Community	<u>2,087</u>	<u>2,950</u>
Total Fees	<u>\$ 44,324</u>	<u>\$ 44,880</u>

See independent auditors' report.