



Housing Alliance
of Pennsylvania

Housing Alliance of Pennsylvania

Financial Statements
Years Ended June 30, 2017 and 2016



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HOUSING ALLIANCE OF PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Housing Alliance of Pennsylvania**

We have audited the accompanying financial statements of Housing Alliance of Pennsylvania (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Alliance of Pennsylvania as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Prior Period Financial Statements

The financial statements of Housing Alliance of Pennsylvania as of and for the year ended June 30, 2016, were audited by other auditors whose report, dated December 13, 2016, expressed an unmodified audit opinion on those statements.

BBD, LLP

**Philadelphia, Pennsylvania
February 22, 2018**

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash - operating	\$ 325,482	\$ 338,623
Cash - agency held	13,725	10,627
Investments	54,263	53,526
Grants receivable, current portion	310,000	254,000
Other receivables	55,199	51,470
Prepaid expenses	14,475	11,437
Total current assets	<u>773,144</u>	<u>719,683</u>
NONCURRENT ASSETS		
Grants receivable, net of current portion	386,000	570,000
Property and equipment, net	119,234	130,497
Total noncurrent assets	<u>505,234</u>	<u>700,497</u>
Total assets	<u>\$ 1,278,378</u>	<u>\$ 1,420,180</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 2,117	\$ 1,999
Accounts payable and accrued expenses	42,071	38,830
Deferred income	29,685	31,375
Funds held in agency	13,725	10,627
Total current liabilities	87,598	82,831
LONG-TERM DEBT, NET OF CURRENT PORTION	75,100	77,103
Total liabilities	<u>162,698</u>	<u>159,934</u>
NET ASSETS		
Unrestricted	234,073	214,956
Temporarily restricted	881,607	1,045,290
Total net assets	<u>1,115,680</u>	<u>1,260,246</u>
Total liabilities and net assets	<u>\$ 1,278,378</u>	<u>\$ 1,420,180</u>

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENT OF ACTIVITIES

Year ended June 30, 2017 with comparative totals for 2016

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016
REVENUE AND SUPPORT				
Contributions and grants <i>(See Note 4)</i>	\$ 154,578	\$ 125,000	\$ 279,578	\$ 1,178,679
Conference income				
Sponsorships	193,983	146,557	340,540	294,583
Registration and other fees	148,317	-	148,317	120,903
Government contract revenue	100,933	-	100,933	170,808
Membership dues	70,480	-	70,480	64,770
Training income				
Sponsorships	12,050	2,800	14,850	45,000
Registration and other fees	51,644	-	51,644	52,482
Miscellaneous	18,391	-	18,391	1,215
Investment income	1,034	-	1,034	708
Loss on disposal of asset	-	-	-	(810)
Net assets released from restrictions	438,040	(438,040)	-	-
Total revenue and support	<u>1,189,450</u>	<u>(163,683)</u>	<u>1,025,767</u>	<u>1,928,338</u>
EXPENSES				
Salaries	480,683	-	480,683	503,536
Payroll taxes	38,497	-	38,497	41,288
Employee benefits	69,402	-	69,402	106,359
Conference	166,882	-	166,882	150,594
Consultants	134,520	-	134,520	132,471
Database subscription	10,088	-	10,088	8,110
Depreciation	11,263	-	11,263	12,761
Equipment lease	2,830	-	2,830	2,649
Insurance	2,744	-	2,744	2,725
Interest	4,608	-	4,608	4,858
Meetings	4,234	-	4,234	19,934
Memberships	1,750	-	1,750	4,025
Occupancy	24,100	-	24,100	19,329
Office supplies	54,984	-	54,984	39,687
Postage and delivery	1,621	-	1,621	7,649
Printing	4,496	-	4,496	6,062
Professional fees	10,814	-	10,814	8,819
Publications and subscriptions	17,658	-	17,658	15,922
Telephone	12,825	-	12,825	13,049
Temporary help	2,500	-	2,500	2,482
Training/educational forums	64,101	-	64,101	66,678
Travel	49,733	-	49,733	43,677
Total expenses	<u>1,170,333</u>	<u>-</u>	<u>1,170,333</u>	<u>1,212,664</u>
CHANGE IN NET ASSETS	19,117	(163,683)	(144,566)	715,674
NET ASSETS				
Beginning of year	<u>214,956</u>	<u>1,045,290</u>	<u>1,260,246</u>	<u>544,572</u>
End of year	<u>\$ 234,073</u>	<u>\$ 881,607</u>	<u>\$ 1,115,680</u>	<u>\$ 1,260,246</u>

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENT OF ACTIVITIES

Year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants <i>(See Note 4)</i>	\$ 297,347	\$ 881,332	\$ 1,178,679
Conference income			
Sponsorships	195,625	98,958	294,583
Registration and other fees	120,903	-	120,903
Government contract revenue	170,808	-	170,808
Membership dues	64,770	-	64,770
Training income			
Sponsorships	-	45,000	45,000
Registration and other fees	52,482	-	52,482
Miscellaneous	1,215	-	1,215
Investment income	708	-	708
Loss on disposal of asset	(810)	-	(810)
Net assets released from restrictions	372,989	(372,989)	-
Total revenue and support	<u>1,276,037</u>	<u>652,301</u>	<u>1,928,338</u>
EXPENSES			
Salaries	503,536	-	503,536
Payroll taxes	41,288	-	41,288
Employee benefits	106,359	-	106,359
Conference	150,594	-	150,594
Consultants	132,471	-	132,471
Database subscription	8,110	-	8,110
Depreciation	12,761	-	12,761
Equipment lease	2,649	-	2,649
Insurance	2,725	-	2,725
Interest	4,858	-	4,858
Meetings	19,934	-	19,934
Memberships	4,025	-	4,025
Occupancy	19,329	-	19,329
Office supplies	39,687	-	39,687
Postage and delivery	7,649	-	7,649
Printing	6,062	-	6,062
Professional fees	8,819	-	8,819
Publications and subscriptions	13,049	-	13,049
Telephone	15,922	-	15,922
Temporary help	2,482	-	2,482
Training/educational forums	66,678	-	66,678
Travel	43,677	-	43,677
Total expenses	<u>1,212,664</u>	<u>-</u>	<u>1,212,664</u>
CHANGE IN NET ASSETS	63,373	652,301	715,674
NET ASSETS			
Beginning of year	<u>151,583</u>	<u>392,989</u>	<u>544,572</u>
End of year	<u>\$ 214,956</u>	<u>\$ 1,045,290</u>	<u>\$ 1,260,246</u>

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENTS OF CASH FLOWS

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$(144,566)	\$ 715,674
<i>Adjustments to reconcile change in net assets to net cash used for operating activities</i>		
Depreciation	11,263	12,761
Loss on disposal of asset	-	810
Unrealized loss on investments	53	307
Grants receivable discount	(26,000)	40,000
(Increase) decrease in		
Grants receivable	154,000	(819,000)
Other receivables	(3,729)	9,388
Prepaid expenses	(3,039)	(6,544)
Increase (decrease) in		
Accounts payable and accrued expenses	3,242	16,646
Deferred income	(1,690)	(3,873)
Net cash used for operating activities	<u>(10,466)</u>	<u>(33,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(790)</u>	<u>(703)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of long-term debt	<u>(1,885)</u>	<u>(1,884)</u>
Net decrease in cash	(13,141)	(36,418)
CASH		
Beginning of year	<u>338,623</u>	<u>375,041</u>
End of year	<u>\$ 325,482</u>	<u>\$ 338,623</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 4,608</u>	<u>\$ 4,858</u>

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

(1) NATURE OF OPERATIONS

Housing Alliance of Pennsylvania (the "**Organization**") is a nonprofit membership organization that receives grants and contributions primarily from foundations and corporations to work towards ensuring that all Pennsylvanians, especially those with low incomes, have access to safe, decent and affordable housing. The Organization conducts research, policy analysis and provides education on affordable housing issues. The Organization builds partnerships throughout the Commonwealth of Pennsylvania to broaden the base of support for affordable housing.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted net assets

Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "**net assets released from restrictions.**"

Permanently restricted net assets

Net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by the Organization.

There were no permanently restricted net assets as of June 30, 2017 and 2016.

Accounting Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles ("**GAAP**"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Agency Fund

The Organization administered funds as a fiscal agent for Women in Housing Finance during the years ended June 30, 2017 and 2016.

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Organization's own assumptions.

Accounts Receivable

Accounts receivable are reported at their estimated net realizable amounts. Management performs ongoing evaluations for potential credit losses. Receivables that are still outstanding after management has used reasonable collection efforts are written off through a charge to earnings and a credit to accounts receivable. The Organization does not charge interest on outstanding balances and does not require collateral.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Dividend and interest income is recorded as earned.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$1,000. Property and equipment is recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated lives of the assets which range from 3 to 5 years.

Revenue Recognition

Grants and contributions, membership dues and conference and training sponsorships are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Donor-restricted grants and contributions, membership dues and conference and training sponsorships whose restrictions are satisfied in the same period are reported as unrestricted.

Unconditional grants and contributions, membership dues and conference and training sponsorships are recognized as revenue when the related promise to give is received. Conditional grants and contributions, membership dues and conference and training sponsorships are recognized as revenue when the conditions are satisfied.

Conference and training registrations and other fees are recognized as revenue in the period in which the conference or training program is held. Registration and other fees collected in advance are deferred until the conference or training occurs.

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

Government contract revenue is recognized as expenses are incurred.

During 2016, the Organization received approximately 52% of its revenue and support from one donor. There were no revenue concentrations for 2017.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in Note 9. Accordingly, certain costs have been allocated among the program and supporting services benefited based on estimates made by management.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Code Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

Concentration of Credit Risk

Cash and accounts receivable represent financial instruments which potentially subject the Organization to concentration of credit risk. The Organization maintains cash deposits at high quality financial institutions. At times, such deposits may exceed federally insured limits. All accounts receivable related to grants and contributions, membership dues, sponsorships and conference and training fees are expected to be collected.

Reclassifications

Certain items in the 2016 financial statements have been reclassified in order to conform to the 2017 presentation.

(3) INVESTMENTS

Investments held by the Organization at June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>
Mutual funds – fixed income	\$54,263	\$53,526

Investment income is summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 1,087	\$ 1,015
Unrealized loss	<u>(53)</u>	<u>(307)</u>
	<u>\$ 1,034</u>	<u>\$ 708</u>

The investments are valued using level 1 inputs.

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

(4) GRANTS RECEIVABLE

Grants receivable at June 30, 2017 and 2016 are expected to be collected as follows:

	<u>2017</u>	<u>2016</u>
In less than one year	\$310,000	\$254,000
In one to five years	<u>400,000</u>	<u>610,000</u>
	710,000	864,000
Less: discount to present value (3.5%)	<u>(14,000)</u>	<u>(40,000)</u>
	<u>\$696,000</u>	<u>\$824,000</u>

Grants receivable are valued using level 2 inputs.

During 2016, the Organization received a \$1,000,000 unrestricted grant from one grantor to be received in five equal annual installments of \$200,000, which was recorded as a grant receivable in the accompanying statement of financial position when the unconditional promise to give was received.

At June 30, 2017, approximately 86% of the Organization's grants receivable was due from this grantor. At June 30, 2016, approximately 97% of the Organization's grants receivable was due from this grantor.

(5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$150,277	\$150,277
Equipment	38,580	38,580
Furniture	<u>11,786</u>	<u>11,786</u>
	200,643	200,643
Less: accumulated depreciation	<u>(81,409)</u>	<u>(70,146)</u>
	<u>\$119,234</u>	<u>\$130,497</u>

(6) LINE OF CREDIT

The Organization has a \$75,000 unsecured line of credit with a bank. Advances on the credit line are payable on demand and carry an interest rate of 3.60% over prime (7.85% at June 30, 2017). The line renews annually. There was no outstanding balance at June 30, 2017 or 2016.

(7) LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Mortgage payable in the amount of \$86,000 with a fixed interest rate of 5.75% payable in 300 monthly payments of \$541 collateralized by the Organization's condominium office space in Jenkintown, Pennsylvania, due in June 2037.	\$77,217	\$79,102
Less: current maturities	<u>(2,117)</u>	<u>(1,999)</u>
	<u>\$75,100</u>	<u>\$77,103</u>

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

Aggregate maturities on long-term debt at June 30, 2017 are as follows:

<u>Year ended June 30,</u>	
2018	\$ 2,117
2019	2,242
2020	2,374
2021	2,514
2022	2,662
Thereafter	<u>65,308</u>
	<u>\$77,217</u>

Interest expense for the years ended June 30, 2017 and 2016 was \$4,608 and \$4,858, respectively.

(8) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 and 2016 consisted of the following:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Purpose restrictions</u>				
Conferences and training	\$ 221,290	\$174,357	\$210,040	\$185,607
<u>Time restrictions</u>				
Grants receivable	<u>824,000</u>	<u>100,000</u>	<u>228,000</u>	<u>696,000</u>
	<u>\$1,045,290</u>	<u>\$274,357</u>	<u>\$438,040</u>	<u>\$881,607</u>
	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Purpose restrictions</u>				
Conferences and training	\$347,989	\$ 221,290	\$347,989	\$ 221,290
<u>Time restrictions</u>				
Grants receivable	<u>45,000</u>	<u>804,000</u>	<u>25,000</u>	<u>824,000</u>
	<u>\$392,989</u>	<u>\$1,025,290</u>	<u>\$372,989</u>	<u>\$1,045,290</u>

(9) FUNCTIONAL EXPENSES

Expenses are charged to program services, management and general and fundraising activities for the years ended June 30, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Program services	\$ 962,068	\$ 959,835
Management and general	166,044	210,254
Fundraising	<u>42,221</u>	<u>42,575</u>
	<u>\$1,170,333</u>	<u>\$1,212,664</u>

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

(10) PENSION PLAN

The Organization sponsors a defined contribution retirement plan for all eligible employees. Employees may defer from federal income a percentage of their compensation and the Organization, at its discretion, may make contributions. Discretionary contributions were \$0 for 2017 and \$23,137 for 2016.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 22, 2018, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2017 that required recognition or disclosure in the financial statements.