



Housing Alliance
of Pennsylvania

Housing Alliance of Pennsylvania

Financial Statements
Year Ended June 30, 2021



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Housing Alliance of Pennsylvania's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects with the audited financial statements from which it has been derived.

BBD, LLP

**Philadelphia, Pennsylvania
December 1, 2021**

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENT OF FINANCIAL POSITION

June 30, 2021 with comparative totals for 2020

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash - operating	\$ 526,246	\$ 438,041
Cash - agency held	17,047	17,412
Investments	61,183	56,817
Grants receivable, current portion	200,000	10,000
Other receivables	86,790	170,345
Prepaid expenses	<u>25,023</u>	<u>22,987</u>
Total current assets	<u>916,289</u>	<u>715,602</u>
NONCURRENT ASSETS		
Grants receivable, net of current portion	400,000	-
Property and equipment, net	<u>92,300</u>	<u>98,729</u>
Total noncurrent assets	<u>492,300</u>	<u>98,729</u>
Total assets	<u>\$ 1,408,589</u>	<u>\$ 814,331</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 2,662	\$ 2,514
Accounts payable and accrued expenses	110,889	132,071
Funds held in agency	<u>17,047</u>	<u>17,412</u>
Total current liabilities	130,598	151,997
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>65,320</u>	<u>187,982</u>
Total liabilities	<u>195,918</u>	<u>339,979</u>
NET ASSETS		
Without donor restrictions	446,371	408,732
With donor restrictions	<u>766,300</u>	<u>65,620</u>
Total net assets	<u>1,212,671</u>	<u>474,352</u>
Total liabilities and net assets	<u>\$ 1,408,589</u>	<u>\$ 814,331</u>

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENT OF ACTIVITIES

Year ended June 30, 2021 with comparative totals for 2020

	Without	With	Totals	
	Donor Restrictions	Donor Restrictions	2021	2020
REVENUE AND SUPPORT				
Contributions and grants	\$ 645,820	\$ 766,300	\$ 1,412,120	\$ 310,443
Conference income				
Sponsorships	247,050	-	247,050	256,525
Registration and other fees	65,482	-	65,482	161,080
Contract revenue	734,144	-	734,144	878,811
Membership dues	75,944	-	75,944	74,420
Training income				
Sponsorships	-	-	-	-
Registration and other fees	850	-	850	1,950
Miscellaneous	250	-	250	2,370
Investment income	4,736	-	4,736	1,083
Net assets released from restrictions	65,620	(65,620)	-	-
Total revenue and support	<u>1,839,896</u>	<u>700,680</u>	<u>2,540,576</u>	<u>1,686,682</u>
EXPENSES				
Program services	<u>1,558,577</u>	<u>-</u>	<u>1,558,577</u>	<u>1,752,735</u>
Supporting services				
Management and general	209,643	-	209,643	203,113
Fundraising	34,037	-	34,037	39,529
Total supporting services	<u>243,680</u>	<u>-</u>	<u>243,680</u>	<u>242,642</u>
Total expenses	<u>1,802,257</u>	<u>-</u>	<u>1,802,257</u>	<u>1,995,377</u>
CHANGE IN NET ASSETS	37,639	700,680	738,319	(308,695)
NET ASSETS				
Beginning of year	<u>408,732</u>	<u>65,620</u>	<u>474,352</u>	<u>783,047</u>
End of year	<u>\$ 446,371</u>	<u>\$ 766,300</u>	<u>\$ 1,212,671</u>	<u>\$ 474,352</u>

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021 with comparative totals for 2020

	Program Services	Management and General	Fundraising	Totals	
				2021	2020
Salaries and payroll taxes	\$ 527,330	\$ 88,721	\$ 27,935	\$ 643,986	\$ 596,566
Employee benefits	59,840	10,068	3,170	73,078	83,557
Total personnel expenses	587,170	98,789	31,105	717,064	680,123
Bank service fees	2,309	388	122	2,819	1,284
Books and subscriptions	5,310	-	-	5,310	8,900
Conference/fundraiser	54,023	-	-	54,023	195,583
Consultants	748,851	86,151	420	835,422	895,152
Database subscription	7,861	2,620	-	10,481	9,983
Depreciation	-	6,429	-	6,429	6,835
Equipment lease and repair	1,717	1,349	-	3,066	2,397
Insurance	-	2,345	-	2,345	2,611
Interest	-	3,978	-	3,978	4,119
Meetings	92	-	-	92	816
Memberships	3,725	-	-	3,725	5,120
Occupancy	16,428	2,764	870	20,062	34,685
Office	19,656	3,307	1,041	24,004	22,121
Organizational stipend	38,433	-	-	38,433	-
Postage	629	106	33	768	493
Publications and printing	-	-	-	-	2,407
Special projects	60,000	-	-	60,000	80,000
Staff training/conferences	1,774	298	94	2,166	2,747
Telephone	6,654	1,119	352	8,125	12,481
Travel	3,945	-	-	3,945	27,520
Total non-personnel expenses	971,407	110,854	2,932	1,085,193	1,315,254
Total expenses	\$ 1,558,577	\$ 209,643	\$ 34,037	\$ 1,802,257	\$ 1,995,377

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

STATEMENT OF CASH FLOWS

Year ended June 30, 2021 with comparative totals for 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 738,319	\$ (308,695)
<i>Adjustments to reconcile change in net assets to net cash (provided by) used for operating activities</i>		
Depreciation	6,429	6,835
Unrealized gain on investments	(3,751)	(2)
Forgiveness of loan payable	(120,000)	-
(Increase) decrease in		
Grants receivable	(590,000)	213,000
Other receivables	83,555	(2,555)
Prepaid expenses	(2,036)	(10,857)
Increase (decrease) in		
Accounts payable and accrued expenses	(21,182)	18,290
Deferred income	-	(10,750)
Funds held in agency	(365)	1,244
Net cash provided by (used for) operating activities	<u>90,969</u>	<u>(93,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(615)</u>	<u>(823)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	-	120,000
Payments of long-term debt	<u>(2,514)</u>	<u>(2,373)</u>
Net cash provided by (used for) financing activities	<u>(2,514)</u>	<u>117,627</u>
Net increase in cash and restricted cash	87,840	23,314
CASH AND RESTRICTED CASH		
Beginning of year	<u>455,453</u>	<u>432,139</u>
End of year	<u>\$ 543,293</u>	<u>\$ 455,453</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 3,978</u>	<u>\$ 4,119</u>

See accompanying notes

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

(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 classes of net assets:

Without donor restrictions

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

With donor restrictions

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

This category also includes net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of the Organization.

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, 2021 and 2020.

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:

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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 net assets without donor restrictions or with donor restrictions 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 without donor restrictions.

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.

Government contract revenue is recognized as expenses are incurred.

Special Projects

All costs attributable to non-recurring projects are categorized as "**Special Projects**" expense in the statements of activities and functional expenses.

During 2021, the Organization received a grant of \$96,000 from a nonprofit organization of which \$60,000 was used to support the Organization's COVID-19 pandemic homelessness/housing response efforts. The project commenced and was completed in 2021.

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

During 2020, the Organization received a grant of \$80,000 from a nonprofit organization to support the Organization's COVID-19 pandemic homelessness/housing response efforts. The project commenced and was completed in 2020.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated based upon estimates of time and effort.

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 in 2022.

Reclassifications

Certain reclassifications have been made to the 2020 comparative information to conform to the 2021 presentation.

(3) CASH AND RESTRICTED CASH

The following provides a reconciliation of cash and restricted cash reported on the statement of financial position to amounts shown on the statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash - operating	\$526,246	\$438,041
Restricted cash – agency fund	<u>17,047</u>	<u>17,412</u>
	<u>\$543,293</u>	<u>\$455,453</u>

(4) INVESTMENTS

Investments at June 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Money market	\$ 1,302	\$ -
Mutual funds		
Equity	21,139	-
Fixed income	36,118	56,817
Exchange traded funds	<u>2,624</u>	<u>-</u>
	<u>\$61,183</u>	<u>\$56,817</u>

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

Investment income is summarized as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 985	\$ 1,081
Realized and unrealized gains	<u>3,751</u>	<u>2</u>
	<u>\$ 4,736</u>	<u>\$ 1,083</u>

All investments were valued using level 1 inputs.

(5) GRANTS RECEIVABLE

Grants receivable at June 30, 2021 and 2020 are expected to be collected as follows:

	<u>2021</u>	<u>2020</u>
In less than one year	\$200,000	\$10,000
In one to five years	<u>400,000</u>	<u>-</u>
	<u>\$600,000</u>	<u>\$10,000</u>

Grants receivable are valued using level 2 inputs.

During 2021, the Organization received a \$800,000 unrestricted grant from one grantor to be received in five annual installments of \$200,000 for the first two years, \$150,000 for years three and four and \$100,000 in the final year, which was recorded as a grant receivable in the accompanying statement of financial position when the unconditional promise to give was received.

The Organization has not recorded a discount on grants receivable in more than one year because management has determined that the discount is not material to the financial statements.

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. The final \$200,000 installment was received in 2020.

(6) PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020, consisting of the following:

	<u>2021</u>	<u>2020</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>(108,343)</u>	<u>(101,914)</u>
	<u>\$ 92,300</u>	<u>\$ 98,729</u>

(7) 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 (6.85% at June 30, 2021). The line renews annually. There was no outstanding balance at June 30, 2021 or 2020.

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

(8) LONG-TERM DEBT

Long-term debt at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Mortgage note payable	\$67,982	\$ 70,496
Loan payable to U.S. Small Business Administration	<u>-</u>	<u>120,000</u>
	67,982	190,496
Less: current maturities	<u>(2,662)</u>	<u>(2,514)</u>
	<u>\$65,320</u>	<u>\$187,982</u>

In May 2012, the Organization entered into a mortgage note payable with a nonprofit lending organization in the amount of \$86,000. The mortgage note payable to the bank is payable in monthly installments of \$541 through June 2037 and bears interest at a fixed rate of 5.75%. The mortgage note payable is collateralized by the Organization's condominium office space in Jenkintown, Pennsylvania.

The Organization was granted a \$120,000 loan under the Paycheck Protection Program ("**PPP**") administered by an approved partner of the United States Small Business Administration ("**SBA**") as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"). The loan was uncollateralized and fully guaranteed by the Federal government. The PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses and are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. During 2021, the loan was forgiven by the SBA, and accordingly, the Organization has recognized \$120,000 as grants and contributions revenue for the year ended June 30, 2021 in the accompanying statement of activities.

The scheduled principal payments on long-term debt at June 30, 2021 are as follows:

Year ended June 30,

2022	\$ 2,662
2023	2,820
2024	2,986
2025	3,162
2026	3,349
Thereafter	<u>50,341</u>
	<u>\$65,320</u>

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 consisted of the following:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance June 30, 2021</u>
<u>Purpose restrictions</u>				
Conferences and training	\$10,595	\$ 25,500	\$(10,595)	\$ 25,500
Research and education	20,025	60,000	(20,025)	60,000
Supportive housing Medicaid waiver	25,000	-	(25,000)	-
Low-income housing support	-	80,000	-	80,000
Other	-	800	-	800
<u>Time restrictions</u>				
Grants receivable	<u>10,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
	<u>\$65,620</u>	<u>\$766,300</u>	<u>\$(65,250)</u>	<u>\$766,300</u>

HOUSING ALLIANCE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Purpose restrictions</u>				
Conferences and training	\$120,551	\$10,595	\$(120,551)	\$10,595
Research and education	82,500	-	(62,475)	20,025
Supportive housing Medicaid Waiver	-	25,000	-	25,000
<u>Time restrictions</u>				
Grants receivable	<u>223,000</u>	<u>-</u>	<u>(213,000)</u>	<u>10,000</u>
	<u>\$426,051</u>	<u>\$35,595</u>	<u>\$(396,026)</u>	<u>\$65,620</u>

(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 \$20,417 for 2021 and \$16,395 for 2020.

(11) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date. All amounts are available within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Cash	\$ 526,246	\$438,041
Investments	61,183	56,817
Grants receivable, current portion	200,000	10,000
Other receivables	<u>86,790</u>	<u>170,345</u>
Total financial assets	874,219	675,203
Less amounts with donor restrictions	<u>(166,300)</u>	<u>(55,620)</u>
Financial assets available within one year	<u>\$ 707,919</u>	<u>\$619,583</u>

Liquidity Management

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In order to manage any liquidity deficiencies or unanticipated liquidity needs, the Organization has a \$75,000 line of credit.

(12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 1, 2021, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.