

PARTNERS FOR HOME, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

PARTNERS FOR HOME, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Partners for HOME, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for HOME, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Report on Summarized Comparative Information

We have previously audited Partners for HOME, Inc.'s 2019 financial statements, and our report dated December 19, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners for HOME, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Warren Averett, LLC

Atlanta, Georgia
December 10, 2020

PARTNERS FOR HOME, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash	\$ 298,533	\$ 414,646
Grants receivable	799,305	432,729
Prepaid expenses	8,465	-
PROPERTY AND EQUIPMENT		
Furniture and equipment	18,438	18,438
Less accumulated depreciation	(8,360)	(4,519)
Net property and equipment	10,078	13,919
TOTAL ASSETS	\$ 1,116,381	\$ 861,294
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 50,475	\$ 30,745
Grants payable	275,023	272,696
TOTAL LIABILITIES	325,498	303,441
NET ASSETS		
Without donor restrictions	605,029	472,658
With donor restrictions		
Restricted by purpose	185,854	85,195
Total net assets with donor restrictions	185,854	85,195
TOTAL NET ASSETS	790,883	557,853
TOTAL LIABILITIES AND NET ASSETS	\$ 1,116,381	\$ 861,294

See notes to the financial statements.

PARTNERS FOR HOME, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
Federal grants	\$ 1,459,667	\$ -	\$ 1,459,667	\$ 1,563,125
Contributions	1,094,315	774,644	1,868,959	811,856
In-kind contributions	186,456	-	186,456	157,602
Other revenue	47	-	47	2,775
Total public support and revenue	2,740,485	774,644	3,515,129	2,535,358
NET ASSETS RELEASED FROM RESTRICTIONS				
	673,985	(673,985)	-	-
Net public support and revenue	3,414,470	100,659	3,515,129	2,535,358
EXPENSES				
Program services	3,063,124	-	3,063,124	2,200,310
Supporting services				
Management and general	142,320	-	142,320	141,561
Fundraising	76,655	-	76,655	109,789
Total expenses	3,282,099	-	3,282,099	2,451,660
CHANGES IN NET ASSETS	132,371	100,659	233,030	83,698
NET ASSETS AT BEGINNING OF YEAR	472,658	85,195	557,853	474,155
NET ASSETS AT END OF YEAR	<u>\$ 605,029</u>	<u>\$ 185,854</u>	<u>\$ 790,883</u>	<u>\$ 557,853</u>

See notes to the financial statements.

PARTNERS FOR HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019	
	Program Services	Supporting Services		Total Expenses	Total Expenses
	Management and General	Fund-Raising			
Salaries	\$ 576,066	\$ 86,443	\$ 46,559	\$ 709,068	\$ 644,908
Payroll taxes	35,799	4,426	2,384	42,609	53,603
Employee benefits	65,882	6,082	3,276	75,240	89,765
Total salaries and related expenses	677,747	96,951	52,219	826,917	788,276
Contractors and consultants	440,196	29,464	15,869	485,529	170,965
Program cost	1,876,039	-	-	1,876,039	1,410,667
Facilities	15,942	4,613	2,485	23,040	23,040
Meetings, conferences, and travel	7,833	1,307	704	9,844	23,866
Other	42,709	9,216	4,964	56,889	30,327
Total expense before depreciation	3,060,466	141,551	76,241	3,278,258	2,447,141
Depreciation	2,658	769	414	3,841	4,519
TOTAL EXPENSES	\$ 3,063,124	\$ 142,320	\$ 76,655	\$ 3,282,099	\$ 2,451,660

See notes to the financial statements.

PARTNERS FOR HOME, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 233,030	\$ 83,698
Adjustments to reconcile changes in net assets to cash (required) provided by operating activities		
Depreciation	3,841	4,519
Prepaid expenses	(8,465)	-
Increase in:		
Grants receivable	(366,576)	(294,772)
Increase in:		
Accounts payable and accrued liabilities	19,730	14,640
Grants payable	2,327	221,945
Net cash (required) provided by operating activities	<u>(116,113)</u>	<u>30,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(6,339)
Net cash required by investing activities	<u>-</u>	<u>(6,339)</u>
NET (DECREASE) INCREASE IN CASH	(116,113)	23,691
CASH AT BEGINNING OF YEAR	<u>414,646</u>	<u>390,955</u>
CASH AT END OF YEAR	<u>\$ 298,533</u>	<u>\$ 414,646</u>

See notes to the financial statements.

PARTNERS FOR HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. ORGANIZATION

Partners for HOME, Inc. (the Organization) is a not-for-profit organization incorporated on December 9, 2014, under the laws of the State of Georgia. The Atlanta City Council approved the creation of the Organization to manage the Atlanta Continuum of Care for homeless services. The Organization opened its offices in the Atlanta City Hall with the mandate to administer the local HUD Continuum of Care (CoC) grant and lead the City's coordinated strategy on homelessness, as set forth by Atlanta's Continuum of Care Governing Council and member agencies. The Organization is the administrator of a \$50 million fund responsible for executing the goals of the communities' strategic plan by initiating and implementing new initiatives, procuring providers and overseeing performance to ensure goals and outcomes are met. Additionally, the Organization leads a housing pipeline initiative focused on scaling housing for individuals exiting homelessness.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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 at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Adoption of New Accounting Standards

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, was issued by the FASB in May 2014 and is intended to improve the financial reporting requirements for revenue from contracts with customers. The ASU establishes a five-step model and application guidance for determining the timing and amount of revenue recognition. The related application guidance in the ASU replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (GAAP). The ASU became effective for the Organization for the year ended June 30, 2020. The Organization's adoption of the ASU did not materially change the timing or amount of revenue recognized by the Organization.

PARTNERS FOR HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU clarifies that a contribution is conditional if the agreement includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for the year ended June 30, 2020 and was adopted on a modified prospective basis. The timing, amount, and presentation of revenue from grants and contributions has not materially changed as a result of adopting the provisions of ASU 2018-08.

Presentation

The amounts shown for the year ended June 30, 2019 in the accompanying financial statements are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with GAAP. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenues received, which are purpose restricted, are reported as increases in net assets with donor restrictions and subsequently released as the donor-stipulated time restriction ends or purpose restriction is accomplished. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor time restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions subject to donor-imposed restrictions that the corpus is maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Federal grant revenue is primarily on the reimbursement basis and is recognized as expenditures are made and related work progresses. Grants receivable are expected to be collected in the subsequent year.

An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible promises receivable at year end. Management does not consider any amounts to be uncollectible at June 30, 2020 and 2019.

PARTNERS FOR HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met. Contributions or assets other than cash are recorded at estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured at the present value of future cash flows with discounts computed using risk adjusted rates commensurate with associated risks. Discounts on contributions receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible contributions receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity.

Concentrations of Credit and Market Risk

Financial instruments, principally receivables and accounts payable, are reported at values, which the Organization believes are not significantly different from fair values. The Organization believes no significant credit risk exists with respect to any of its financial instruments. The Organization maintains cash balances with financial institutions. Deposit accounts at the institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At June 30, 2020 and 2019, the Organization's uninsured cash balance was approximately \$69,000 and \$184,000, respectively.

As of June 30, 2020 and 2019, 72% and 85% of receivables related to three funders, respectively.

At June 30, 2020 and 2019, approximately 39% and 97% of contributions received was attributable to one and three donors, respectively.

Property and Equipment

The Organization capitalizes all expenditures for furniture, fixtures and equipment in excess of \$1,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using straight-line methods of three to seven years based upon their estimated useful lives. Depreciation expense of \$3,841 and \$4,519 was recorded for the years ended June 30, 2020 and 2019, respectively.

Contributed Services

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A donor provided two full-time personnel for the year at no charge. Their salaries and benefits were recognized as contributed services of \$155,416 and \$134,562 for the years ended June 30, 2020 and 2019, respectively. In addition, the Organization received \$8,000 of contributed legal services during the year ended June 30, 2020. These contributed services are included in support revenue and program expense in the accompanying financial statements.

PARTNERS FOR HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Use of Facility

The Organization's office space is provided by a donor at no charge. Contribution revenue and related program expense in the amount of \$23,040 was recognized for each of the years ended June 30, 2020 and 2019 and is included in the support revenue and program expense in the accompanying financial statements.

Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization, which is not a private foundation under Section 509(a) of the IRC. The Organization qualifies for the charitable contribution deduction.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, and personnel costs have been allocated based on estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between June 30, 2020 and December 10, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

3. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were available for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditures for specific purpose:		
Diversion program	\$ 63,148	\$ 30,595
Outreach expansion	40,561	13,100
COVID relief	82,145	-
Training program	-	31,500
Other	-	10,000
	<u>\$ 185,854</u>	<u>\$ 85,195</u>

PARTNERS FOR HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

3. RESTRICTIONS ON NET ASSETS – CONTINUED

Net assets with donor restrictions released from restrictions during the years ended June 30, 2020 and 2019, was as follows:

	<u>2020</u>	<u>2019</u>
Rapid Re-Housing program	\$ -	\$ 200,000
Diversion program	386,197	29,405
Outreach expansion	12,539	11,900
COVID relief	136,805	-
Training program	31,500	31,500
Other	106,944	-
	<u>\$ 673,985</u>	<u>\$ 272,805</u>

4. EMPLOYEE BENEFIT PLAN

Effective January 1, 2018, the Organization adopted a 401(k) plan (the Plan) for those employees who meet the eligibility requirements set forth in the Plan. All Plan participants are allowed to contribute any amount up to the legal maximum allowed. The Organization matches 100% of a participant's contribution up to 6% of a participant's compensation deferred to the Plan after 6 months of employment. Employer contributions amounted to approximately \$17,000 and \$24,000 for years ended June 30, 2020 and 2019, respectively.

5. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 298,533	\$ 414,646
Grants receivable	799,305	432,729
Financial assets, at year-end	1,097,838	847,375
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose restrictions	(185,854)	(85,195)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 911,984</u>	<u>\$ 762,180</u>

PARTNERS FOR HOME, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

5. LIQUIDITY AND FUNDS AVAILABLE – CONTINUED

The Organization is substantially supported by federal grants and contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. 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. A significant amount (50%) of grants receivable consists of federal grants that will be paid directly to grantee agencies.

6. SUBSEQUENT EVENTS

Subsequent to June 30, 2020 the Organization received two substantial grants. A \$1,500,000 grant was received for support of a citywide strategy to provide housing for homeless individuals as part of COVID-19 pandemic response and recovery efforts. In addition, the Organization received a \$5,750,000 grant from the City of Atlanta for COVID-19 emergency programs to care for homeless populations.