

Housing Crisis Center, Inc.
Financial Statements
and
Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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Independent Auditors' Report

Board of Directors
Housing Crisis Center, Inc.
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Housing Crisis Center, Inc. (the Center) (a Texas not-for-profit entity), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

Turner, Stone & Company, L.L.P.
Accountants and Consultants

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2021, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Turner, Stone & Company, L.L.P.

Certified Public Accountants

June 10, 2021

HOUSING CRISIS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>ASSETS</u>		<u>2019</u>		<u>2018</u>
Current assets:					
Cash		\$	706,985	\$	667,420
Client deposits			12,607		12,622
Program receivables			114,156		87,990
Pledges receivable			13,248		12,560
Occupancy charges receivable, net of allowance for doubtful accounts of \$0 and \$13,211, respectively			8,081		48,025
Other assets, primarily security deposits			106,799		85,228
Total current assets			<u>961,876</u>		<u>913,845</u>
 Furniture and equipment, net of accumulated depreciation of \$19,035 and \$16,755, respectively			 434		 <u>2,714</u>
 Total assets		\$	<u><u>962,310</u></u>	\$	<u><u>916,559</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:					
Accounts payable and accrued liabilities		\$	100,158	\$	88,096
Client savings deposits			12,544		12,587
Total current liabilities			<u>112,702</u>		<u>100,683</u>
 Commitments and contingencies (Note 4)					
Net assets:					
Net assets without donor restrictions:					
Undesignated			425,449		407,142
Designated by Board			242,560		241,102
Total net assets without donor restrictions			<u>668,009</u>		<u>648,244</u>
 Net assets with donor restrictions			 <u>181,599</u>		 <u>167,632</u>
 Total net assets			 <u>849,608</u>		 <u>815,876</u>
		\$	<u><u>962,310</u></u>	\$	<u><u>916,559</u></u>

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

HOUSING CRISIS CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Government grants	\$ -	\$ 1,979,734	\$ 1,979,734
Foundations	20,000	132,473	152,473
Charitable organization	34,064	300	34,364
Corporate and individual	110,175	25,500	135,675
Donated use of facilities	-	87,000	87,000
In-kind donations	-	38,025	38,025
Occupancy charges	-	152,059	152,059
Other	3,988	-	3,988
	168,227	2,415,091	2,583,318
Net assets released from restrictions:			
Satisfaction of donor restrictions	2,401,124	(2,401,124)	-
Total public support and revenue	2,569,351	13,967	2,583,318
Expenses:			
Program services:			
Permanent supportive housing	1,260,608	-	1,260,608
Rapid re-housing	916,265	-	916,265
Legal clinic	53,425	-	53,425
Prevention	8,099	-	8,099
	2,238,397	-	2,238,397
Supporting services:			
Management and general	293,720	-	293,720
Fundraising	17,469	-	17,469
Total expenses	2,549,586	-	2,549,586
Changes in net assets	19,765	13,967	33,732
Net assets at beginning of year	648,244	167,632	815,876
Net assets at end of year	\$ 668,009	\$ 181,599	\$ 849,608

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

HOUSING CRISIS CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue:			
Government grants	\$ -	\$ 1,964,049	\$ 1,964,049
Foundations	2,869	118,600	121,469
Charitable organization	24,096	45,000	69,096
Corporate and individual	50,943	-	50,943
Donated use of facilities	-	105,116	105,116
In-kind donations	-	53,420	53,420
Occupancy charges	-	149,703	149,703
Other	4,255	-	4,255
	<u>82,163</u>	<u>2,435,888</u>	<u>2,518,051</u>
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>2,519,986</u>	<u>(2,519,986)</u>	<u>-</u>
Total public support and revenue	<u>2,602,149</u>	<u>(84,098)</u>	<u>2,518,051</u>
Expenses:			
Program services:			
Permanent supportive housing	1,499,444	-	1,499,444
Rapid re-housing	840,509	-	840,509
Legal clinic	56,233	-	56,233
Prevention	61,068	-	61,068
	<u>2,457,254</u>	<u>-</u>	<u>2,457,254</u>
Supporting services:			
Management and general	162,219	-	162,219
Fundraising	16,799	-	16,799
Total expenses	<u>2,636,272</u>	<u>-</u>	<u>2,636,272</u>
Changes in net assets	(34,123)	(84,098)	(118,221)
Net assets at beginning of year	<u>682,367</u>	<u>251,730</u>	<u>934,097</u>
Net assets at end of year	<u>\$ 648,244</u>	<u>\$ 167,632</u>	<u>\$ 815,876</u>

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

HOUSING-CRISIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services		Total Expenses
	Permanent Supportive Housing	Rapid Re-Housing	Education Legal Clinic	Working Prevention	Total	Management and General	Fundraising	
Accounting Fees	\$ 1,628	\$ 1,504	\$ 37	\$ -	\$ 3,169	\$ 559	\$ -	\$ 3,728
Audit/Tax	6,930	6,930	165	-	14,025	2,475	-	16,500
Bad Debt Expense	118,288	-	-	-	118,288	-	-	118,288
Board Expense	-	-	-	-	-	75	-	75
Child Care	-	1,242	-	-	1,242	-	-	1,242
Children's Services	-	15,780	-	-	15,780	210	-	15,990
Client Assessments	-	275	255	-	530	-	-	530
Client Furniture	1,800	5,271	-	-	7,071	-	-	7,071
Damages	5,267	38,092	-	-	43,359	-	-	43,359
Database Fees	-	7,839	-	-	7,839	1,816	-	9,655
Dues & Subscriptions	2,583	1,717	-	-	4,300	2,163	-	6,463
Equipment Leasing	3,771	3,365	85	-	7,221	1,274	-	8,495
FEMA Temporary Housing/Utility	-	-	-	1,971	1,971	-	-	1,971
Food	113	-	-	-	113	-	-	113
Information Technology	440	1,173	-	-	1,613	1,389	-	3,002
Insurance	5,781	5,379	133	-	11,293	1,993	-	13,286
IT	1,572	1,572	38	-	3,182	1,220	-	4,402
Leasing	756,949	-	-	-	756,949	-	-	756,949
Marketing & Community Relations	-	-	-	-	-	1,208	-	1,208
Miscellaneous	-	1,748	-	-	1,748	81	-	1,829
Moving Assistance	3,906	-	-	-	3,906	-	-	3,906
Office Rent	63,114	49,968	1,022	-	114,104	15,329	-	129,433
Office Supplies	777	1,489	60	-	2,326	6,606	-	8,932
Other Expenses	-	-	-	-	-	18,570	-	18,570
Postage	-	-	-	26	26	1,547	-	1,573
Printing	-	-	-	-	-	1,549	-	1,549
Professional Fees	835	778	36,544	-	38,157	-	19,953	58,110
Reconciliation Discrepancies	-	-	-	-	-	-	-	-
Rental Assistance	-	528,517	-	-	528,517	-	-	528,517
Repairs & Maintenance	5,407	103	-	-	5,510	8,430	-	13,940
Salaries, Taxes, & Benefits	251,960	215,312	14,800	5,926	487,998	215,126	-	703,124
Service Charges	150	-	-	-	150	884	-	1,034
Special Event	-	-	-	-	-	-	(2,484)	(2,484)
Staff Training & Development	1,302	1,567	32	-	2,901	898	-	3,799
Starter Kits	33	900	-	-	933	132	-	1,065
Telephone	9,828	8,244	131	-	18,203	1,969	-	20,172
Transportation	6,198	6,514	-	-	12,712	421	-	13,133
Travel & Entertainment	6,250	5,200	-	-	11,450	5,947	-	17,397
Utilities	4,734	4,863	100	177	9,874	1,507	-	11,381
Total expenses before depreciation	1,259,616	915,342	53,402	8,099	2,236,459	293,378	17,469	2,547,306
Depreciation	992	923	23	-	1,938	342	-	2,280
Total expenses	\$ 1,260,608	\$ 916,265	\$ 53,425	\$ 8,099	\$ 2,238,397	\$ 293,720	\$ 17,469	\$ 2,549,586

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

HOUSING CRISIS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Supporting Services		Total Expenses
	Permanent Supportive Housing	Rapid Re-Housing	Education Legal Clinic	Working Working Prevention	Management and General	Fundraising	
Accounting fees	\$ 10,960	\$ 5,802	\$ 215	\$ 1,289	\$	\$	\$ 21,490
Bad debt expense	38,093	-	-	-	-	-	38,093
Board expenses	-	-	-	-	3,014	-	3,014
Children	-	37,393	-	-	-	-	37,393
Client assessments	-	-	-	261	-	-	261
Client furniture	1,741	1,046	-	-	-	-	2,787
Counseling services	660	-	-	-	-	-	660
Database	-	-	-	7,292	2,354	-	9,646
Dues and subscriptions	2,100	1,415	30	204	1,040	-	4,789
Equipment leasing	4,575	2,422	90	538	1,345	-	8,970
Food	3,797	1,608	-	-	-	-	5,405
Insurance	6,892	3,649	135	811	2,027	-	13,514
Information technology	11,593	7,046	59	670	4,599	-	23,967
Leasing	949,152	445,339	-	-	-	-	1,394,491
Marketing	4	4	-	-	2,098	-	2,106
Moving assistance	13,772	1,353	-	-	-	-	15,125
Office supplies	1,967	2,214	8	287	3,356	-	7,832
Other	136	585	12	115	883	-	1,731
Postage	-	-	-	-	1,141	-	1,141
Printing	-	-	-	17	1,018	-	1,035
Professional fees	282	150	42,306	33	41,831	-	84,602
Rent	76,478	40,912	1,022	6,132	15,329	-	139,873
Repairs and maintenance	9,636	31,215	-	59	-	-	40,910
Salaries, taxes, and benefits	338,010	223,368	12,112	36,970	66,292	-	676,752
Service fees	321	-	-	-	750	-	1,071
Special event	-	-	-	-	-	16,799	16,799
Staff training	507	213	-	4,790	5,536	-	11,046
Travel and entertainment	5,573	3,407	-	80	2,724	-	11,784
Telephone	11,872	6,949	151	965	-	-	19,937
Temporary housing - FEMA	-	16,352	-	-	-	-	16,352
Transportation	5,521	4,641	-	-	2,271	-	12,433
Utilities	5,554	3,294	88	526	1,314	-	10,776
Total expenses before depreciation	1,499,196	840,377	56,228	61,039	162,146	16,799	2,635,785
Depreciation	248	132	5	29	73	-	487
Total expenses	\$ 1,499,444	\$ 840,509	\$ 56,233	\$ 61,068	\$ 162,219	\$ 16,799	\$ 2,636,272

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

HOUSING CRISIS CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 33,732	\$ (118,221)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	2,280	487
Bad debt expense	118,288	38,093
Changes in operating assets and liabilities:		
Restricted cash, client deposits	15	6,522
Program receivables	(26,166)	(8,289)
Pledges receivable	(688)	(5,580)
Occupancy charges receivable, net	(78,344)	(66,918)
Other assets, primarily security deposits	(21,571)	(22,360)
Accounts payable and accrued liabilities	12,062	35,605
Client deposits	(43)	(6,514)
Net cash provided by (used in) operating activities	39,565	(147,175)
Cash flows from investing activities:	-	-
Cash flows from financing activities:	-	-
Net increase (decrease) in cash	39,565	(147,175)
Cash at beginning of year	667,420	814,595
Cash at end of year	\$ 706,985	\$ 667,420

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

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and operations

Housing Crisis Center, Inc. (the Center) was incorporated in November 1978 as a nonprofit organization under the laws of the State of Texas. The Center was formed with the mission to prevent homelessness and to stabilize those at risk in decent, affordable, and permanent housing, and to empower them to solve their own housing problems in the future. This mission is fulfilled by providing clients with self-help tools; providing counseling, emergency assistance, shelter and other supportive assistance to prevent homelessness, break the cycle of poverty, and stabilize opportunity populations.

Basis of presentation

The Center accounts for its funding in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. ASC Topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Center to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center’s management and the Board of Directors (the Board).

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

At December 31, 2019 and 2018, net assets with donor restrictions totaled \$181,599 and \$167,632, respectively, to be used by the Center for rental assistance and permanent housing programs. At December 31, 2019 and 2018 net assets without donor restrictions totaling \$242,560 and \$241,102, respectively, have been designated to be used with the permission of the Board.

Reporting entity

The Board is the level of authority that has governing responsibilities over all activities of the Center. The Center receives funding from federal government sources and must comply with the requirements of these funding source entities. Board members have decision-making authority, power to designate management, responsibility to significantly influence operations, and primary accountability for fiscal matters. Each year the Nominating Committee of the Board nominates new members and recommends renewed terms for existing members whose terms have ended. These recommendations are approved by the current Board members.

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Rapid Re-housing, permanent supportive housing, legal clinic and prevention on the statements of activities are inclusive of the following categories:

Government grants

The Center enters into contractual arrangements with the U.S. Department of Housing and Urban Development (HUD) on an uncollateralized basis. Pursuant to these arrangements, the Center invoices HUD for amounts expensed based on the contractual agreements.

Contributions

Contributions received are recorded as either without donor restrictions or with donor restrictions, depending on the existence of any such restriction. Grants and other contributions of cash and other assets are reported as being subject to donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

The Center reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue recognition (continued)

Occupancy charges

As permitted by HUD, the Center imposes an occupancy charge upon its clients as a condition of participation in the Center's programs and as a contribution toward each participant's monthly rent. The occupancy charge is calculated using a standardized calculation across all clients in accordance with HUD requirements. During the years ended December 31, 2019 and 2018, the Center recognized revenue from occupancy charges of approximately \$152,000 and \$150,000, respectively, of which approximately \$8,000 and \$48,000, respectively, remained outstanding at December 31, 2019 and 2018. The Center evaluates its occupancy charges receivables on an account by account basis and provides an allowance for uncollectible accounts when management determines the amounts to be uncollectible, generally after all reasonable collection efforts have been made. At December 31, 2019 and 2018, management identified approximately \$118,288 and \$38,093, respectively, which were written off as bad debt pertaining to the Center's occupancy charges receivable.

Donated services and use of facilities

A number of volunteers have donated significant amounts of time to the Center's activities. The value of this contributed time is not reflected in the accompanying financial statements since it is not subject to objective measurement or valuation. However, the Center recognizes donated services which create or enhance non-financial assets, or which require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. During the years ended December 31, 2019 and 2018, legal services with estimated values of \$36,525 and \$42,300, respectively, were donated to the Center. The Center also recognizes donated use of facilities for office space and rental units provided by apartment complexes throughout the Dallas community. The contributed use of facilities is reflected as an in-kind contribution in the accompanying statements of activities at their estimated fair value at date of receipt. During the years ended December 31, 2019 and 2018, the Center received the direct benefit of donated use of facilities with fair values totaling \$87,000 and \$105,116, respectively. As part of the office operating lease agreement, the Center is required to pay utilities and repairs and maintenance.

Cash and cash flows

For purposes of the statements of cash flows, cash includes demand deposits and time deposits with original maturities of less than three months. At December 31, 2019, the Federal Deposit Insurance Corporation (FDIC) provided insurance coverage of \$250,000 per depositor per bank. Based on the FDIC coverage in effect, approximately \$470,000 of the Center's cash and restricted cash at December 31, 2019 was in excess of federally insured limits. The Center has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks from these excess deposits.

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Restricted cash, client deposits

The Center assists certain individuals in obtaining savings accounts by allowing their clients to regularly deposit funds at the Center until the individuals are able to obtain their own bank accounts. These deposits are reflected as restricted cash in current assets and included within client deposits in current liabilities in the accompanying statements of financial position.

Program receivables and allowance for uncollectible accounts

The Center evaluates its program receivables on an account by account basis after an invoice is over 90 days past due and provides an allowance for uncollectible accounts after all reasonable collection efforts have been made and when management determines the amounts to be uncollectible. At December 31, 2019 and 2018, management's evaluation indicated that there were no significant potential uncollectible accounts. The Center has not experienced any credit losses pertaining to its program receivables during the years ended December 31, 2019 and 2018. The Center does not believe it is exposed to any significant credit risks relating to these arrangements.

Pledges receivable

Unconditional promises to give are recorded as pledges receivable and revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. There were no long-term pledges receivable at December 31, 2019 and 2018. Specific accounts are written off upon notification from donors that the pledges are no longer collectible or upon management's assessment.

Furniture and equipment

Furniture and equipment additions exceeding \$1,000 are recorded at cost if purchased or, if donated, at fair value at the date of the gift. Lesser amounts are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally five years. The cost for maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. For the years ended December 31, 2019 and 2018, depreciation expense totaled \$2,280 and \$487, respectively.

Impairment or disposal of long-lived assets

The Center periodically evaluates, using projected undiscounted cash flows, the carrying value of its long-lived assets whenever changes in events or circumstances indicate that the carrying amount of assets may not be recoverable. In addition, long-lived assets are reported at the lower of carrying value or fair value. During the years ended December 31, 2019 and 2018, the Center identified no impairments and recognized no losses on its long-lived assets.

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Income taxes

The Center is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 and is classified by the Internal Revenue Service as other than a private foundation. Effective January 1, 2009, the Center adopted guidance relating to accounting for uncertainty in income taxes, which required the Center to annually evaluate tax positions taken with regard to unrelated business income, related deductions applied, or other activities that may jeopardize its tax-exempt status and thus would meet the definition of an uncertain tax position. The Center did not have net unrelated business income for the years ended December 31, 2019 and 2018. No tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions for the Center.

The Center files income tax returns in the United States federal jurisdiction. At December 31, 2019, tax returns related to the past three years remain open to possible examination by the tax authorities. No tax returns are currently under examination by any tax authorities. The Center did not incur any penalties or interest during the years ended December 31, 2019 and 2018.

Fair value of financial instruments

In accordance with the reporting requirements of ASC Topic 825, *Financial Instruments*, the Center calculates the fair value of its assets and liabilities which qualify as financial instruments under this standard and includes this additional information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. The Center does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Center did not have any fair value adjustments for assets and liabilities measured at fair value at the financial position date, nor gains or losses reported in the statements of activities that are attributable to the change in unrealized gains or losses relating to such assets and liabilities still held during the years ended December 31, 2019 and 2018.

Fair value measurements

ASC Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, the fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Any such valuation adjustments are applied consistently over time.

Subsequent events

In preparing the financial statements, the Center has reviewed, as determined necessary by the Center's management, events that have occurred after December 31, 2019, up until the issuance of the financial statements, which occurred on June 10, 2021. See Note 6.

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Recent accounting pronouncements

During the year ended December 31, 2019 and through June 10, 2021, there were several new accounting pronouncements issued by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Center. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Center's financial statements.

2. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated based upon salaries among the programs and supporting services benefited.

3. FURNITURE AND EQUIPMENT:

Furniture and equipment at December 31, 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment, at cost:		
Furniture and fixtures	\$ 14,470	\$ 14,470
Automobiles	5,000	5,000
Less: accumulated depreciation	<u>(19,036)</u>	<u>(16,756)</u>
Net furniture and equipment	<u>\$ 434</u>	<u>\$ 2,714</u>

4. COMMITMENTS AND CONTINGENCIES:

Grant compliance

The Center participates in federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at December 31, 2019 may be impaired. In the opinion of the Center's management, there are no significant contingent liabilities relating to non-compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Grantor concentration

Federal government funding, grants, and contracts provided approximately 77% and 78% of the Center's support for each of the years ended December 31, 2019 and 2018, respectively.

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

5. AVAILABILITY AND LIQUIDITY:

The table below reflects the Center’s financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year of the statements of financial position dates because of contractual or donor-imposed restrictions, or internal special designation of funds. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board approves that action.

These financial assets available for general expenditure, such as without donor or other restrictions limiting their use, within one year of the statements of financial position include the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 706,985	\$ 667,420
Program receivables	114,156	87,990
Pledges receivable	13,248	12,560
Occupancy charges receivable, net	<u>8,081</u>	<u>48,025</u>
Total financial assets available within one year	842,470	815,995
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>(181,599)</u>	<u>(167,632)</u>
Total amounts unavailable for general expenditures within one year	660,871	648,363
Amounts unavailable to management without Board’s approval:	<u>(242,560)</u>	<u>(241,102)</u>
Total financial assets available within one year after Board designations	<u>\$ 418,311</u>	<u>\$ 407,261</u>

The Board designates special purpose funds from time-to-time to have those resources provide support for operating or other needs. These funds are maintained within an interest-bearing savings account at a financial institution but remain available and may be spent at the discretion of the Board for the intended designated purpose.

HOUSING CRISIS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

6. SUBSEQUENT EVENTS

In August 2020, the Center discovered that some payments made by participants for the monthly occupancy charges were not reflected on the participants statements. After an internal investigation, the discrepancy was reported to the Board and to local law enforcement. The Center determined that approximately \$43,600 of payments were not deposited into the Center's bank account. The Center has pressed charges against a former employee. The impact by year is as follows:

December 31, 2019	\$21,700
December 31, 2020	\$21,900

The Center reviewed its organizational controls surrounding the occupancy charges and collections to this program and believes that appropriate changes have been implemented.