

Financial Statements
Years Ended
September 30, 2019 and 2018

Partners Ending Homelessness



Sharrard, McGee & Co., PA

Strategy Meets Challenges

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Strategy Meets Challenges

Independent Auditors' Report

Board of Directors
Partners Ending Homelessness
High Point, North Carolina

We have audited the accompanying financial statements of Partners Ending Homelessness (a non-profit organization) which comprise the statements of financial position as of September 30, 2019 and 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners Ending Homelessness as of September 30, 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.

Shaward, McYee & Co., P.A.

High Point, North Carolina
February 19, 2020

PARTNERS ENDING HOMELESSNESS

Statements of Financial Position

	September 30,	
	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 110,623	\$ 146,123
Pledges, grants, and contracts receivable	61,536	67,200
Prepaid expenses and deposits	2,031	2,031
	<u>174,190</u>	<u>215,354</u>
TOTAL CURRENT ASSETS	174,190	215,354
INVESTMENTS	95,472	91,857
PROPERTY AND EQUIPMENT, less accumulated depreciation	3,176	2,956
	<u>3,176</u>	<u>2,956</u>
TOTAL ASSETS	\$ 272,838	\$ 310,167
	<u>\$ 272,838</u>	<u>\$ 310,167</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,071	\$ 9,906
Payroll withholdings	295	171
Accrued annual leave	7,848	5,897
Payable - pass-through	-	31,984
Deferred revenue	-	19,825
	<u>11,214</u>	<u>67,783</u>
TOTAL LIABILITIES	11,214	67,783
NET ASSETS:		
Without donor restrictions	221,125	193,146
With donor restrictions	40,499	49,238
	<u>261,624</u>	<u>242,384</u>
TOTAL NET ASSETS	261,624	242,384
	<u>261,624</u>	<u>242,384</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 272,838	\$ 310,167
	<u>\$ 272,838</u>	<u>\$ 310,167</u>

See accompanying summary of accounting policies and notes to financial statements.

PARTNERS ENDING HOMELESSNESS

Statement of Activities and Changes in Net Assets

Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Grants	\$ 15,000	\$ 128,196	\$ 143,196
United Way allocations	-	50,000	50,000
Contract revenue	193,114	-	193,114
Contributions	21,157	2,999	24,156
In-kind contributions	38,688	-	38,688
Net investment return	3,639	-	3,639
	<u>271,598</u>	<u>181,195</u>	<u>452,793</u>
TOTAL REVENUE AND SUPPORT	271,598	181,195	452,793
Pass-through funding	686,905	-	686,905
Pass-through payments	(686,905)	-	(686,905)
NET ASSETS RELEASED FROM RESTRICTIONS	<u>189,934</u>	<u>(189,934)</u>	<u>-</u>
TOTAL REVENUE, SUPPORT, AND RECLASSIFICATIONS	<u>461,532</u>	<u>(8,739)</u>	<u>452,793</u>
EXPENSES:			
Functional expenses -			
Program services	318,471	-	318,471
Supporting services:			
Administration	81,998	-	81,998
Fundraising	33,084	-	33,084
	<u>433,553</u>	<u>-</u>	<u>433,553</u>
TOTAL EXPENSES	433,553	-	433,553
CHANGE IN NET ASSETS	27,979	(8,739)	19,240
NET ASSETS, beginning of year	<u>193,146</u>	<u>49,238</u>	<u>242,384</u>
NET ASSETS, end of year	<u>\$ 221,125</u>	<u>\$ 40,499</u>	<u>\$ 261,624</u>

See accompanying summary of accounting policies and notes to financial statements.

PARTNERS ENDING HOMELESSNESS

Statement of Activities and Changes in Net Assets

Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Grants	\$ 15,000	\$ 115,733	\$ 130,733
United Way allocations	-	48,205	48,205
Contract revenue	186,916	-	186,916
Contributions	26,095	2,047	28,142
In-kind contributions	36,624	-	36,624
Net investment return	2,637	-	2,637
TOTAL REVENUE AND SUPPORT	267,272	165,985	433,257
Pass-through funding	657,039	-	657,039
Pass-through payments	(657,039)	-	(657,039)
NET ASSETS RELEASED FROM RESTRICTIONS	180,515	(180,515)	-
TOTAL REVENUE, SUPPORT, AND RECLASSIFICATIONS	447,787	(14,530)	433,257
EXPENSES:			
Functional expenses -			
Program services	334,833	-	334,833
Supporting services:			
Administration	82,118	-	82,118
Fundraising	32,833	-	32,833
TOTAL EXPENSES	449,784	-	449,784
CHANGE IN NET ASSETS	(1,997)	(14,530)	(16,527)
NET ASSETS, beginning of year	195,143	63,768	258,911
NET ASSETS, end of year	\$ 193,146	\$ 49,238	\$ 242,384

See accompanying summary of accounting policies and notes to financial statements.

PARTNERS ENDING HOMELESSNESS

Statement of Functional Expenses

Year Ended September 30, 2019

	Program	Supporting Services		Total
	Services	Administration	Fundraising	
Salaries and contract labor	\$ 164,073	\$ 48,616	\$ 25,563	\$ 238,252
Employee benefits	29,388	8,709	4,579	42,676
Payroll taxes	12,394	3,673	1,931	17,998
Retirement	4,744	1,406	739	6,889
TOTAL SALARIES AND RELATED EXPENSE	210,599	62,404	32,812	305,815
HMIS Expense	37,974	-	-	37,974
Occupancy	25,989	2,888	-	28,877
Professional fees	8,250	11,614	-	19,864
Supplies and training materials	7,632	402	-	8,034
Housing First	6,037	-	-	6,037
Conferences and training	5,917	-	-	5,917
Client special assistance	4,996	-	-	4,996
Travel	4,963	-	-	4,963
Communications	2,613	290	-	2,903
Insurance	-	2,485	-	2,485
Program supplies	1,980	-	-	1,980
Dues and subscriptions	-	1,378	-	1,378
Depreciation	1,302	-	-	1,302
Advertising	-	270	270	540
Equipment lease and maintenance	136	-	-	136
Printing	31	4	2	37
Miscellaneous	52	263	-	315
TOTAL EXPENSES	\$ 318,471	\$ 81,998	\$ 33,084	\$ 433,553

See accompanying summary of accounting policies and notes to financial statements.

PARTNERS ENDING HOMELESSNESS

Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services	Supporting Services		Total
		Administration	Fundraising	
Salaries and contract labor	\$ 171,509	\$ 52,150	\$ 25,558	\$ 249,217
Employee benefits	28,335	8,618	4,224	41,177
Payroll taxes	12,975	3,946	1,934	18,855
Retirement	4,477	1,362	668	6,507
TOTAL SALARIES AND RELATED EXPENSE	217,296	66,076	32,384	315,756
HMIS Expense	41,470	-	-	41,470
Occupancy	19,270	2,141	-	21,411
Professional fees	18,875	11,429	-	30,304
Supplies and training materials	7,408	390	-	7,798
Housing First	8,963	-	-	8,963
Conferences and training	7,338	-	-	7,338
Client special assistance	-	-	-	-
Travel	4,341	-	-	4,341
Communications	2,376	264	-	2,640
Insurance	1,539	1,010	-	2,549
Program supplies	2,481	-	-	2,481
Dues and subscriptions	-	330	-	330
Depreciation	1,541	-	-	1,541
Advertising	-	420	420	840
Equipment lease and maintenance	1,394	-	-	1,394
Printing	492	58	29	579
Miscellaneous	49	-	-	49
TOTAL EXPENSES	\$ 334,833	\$ 82,118	\$ 32,833	\$ 449,784

See accompanying summary of accounting policies and notes to financial statements.

PARTNERS ENDING HOMELESSNESS

Statements of Cash Flows

	Year ended September 30,	
	2019	2018
Cash flows from operating activities:		
Cash received from donors	\$ 396,305	\$ 464,250
Interest received	24	101
Cash paid to suppliers and employees	<u>(430,795)</u>	<u>(377,264)</u>
Net cash provided by (used in) operating activities	<u>(34,466)</u>	<u>87,087</u>
Cash flows from investing activities:		
Proceeds from sale of marketable securities	2,828	302
Disposition (acquisition) of marketable securities	(1,714)	698
Acquisition of property and equipment	<u>(2,148)</u>	<u>(1,648)</u>
Net cash used in investing activities	<u>(1,034)</u>	<u>(648)</u>
Increase (decrease) in cash	(35,500)	86,439
Cash at beginning of year	<u>146,123</u>	<u>59,684</u>
Cash at end of year	<u>\$ 110,623</u>	<u>\$ 146,123</u>
Supplemental schedule of non-cash operating activities:		
Use of facilities	\$ 22,604	\$ 17,390
Salaries	14,021	16,945
Office supplies	<u>2,063</u>	<u>2,289</u>
Total	<u>\$ 38,688</u>	<u>\$ 36,624</u>

See accompanying summary of accounting policies and notes to financial statements.

PARTNERS ENDING HOMELESSNESS

Summary of Accounting Policies

BASIS OF PRESENTATION

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when stipulated purpose for which the resource was restricted has been fulfilled or both.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Organization considers all cash accounts with a maturity of three months or less and other certificates of deposit for which there are no substantial penalties for withdrawal as cash and cash equivalents.

PROMISES TO GIVE

Contributions are recognized as revenues when the donor makes a promise to give that is unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible promises to give is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in mutual funds and debt securities are reported at their fair values in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

PARTNERS ENDING HOMELESSNESS

Summary of Accounting Policies (Continued)

PROPERTY AND EQUIPMENT

Purchases of property and equipment costing \$500 or more are capitalized at cost if purchased, or at fair market value at the time of donation if contributed. Major additions and betterments are capitalized while maintenance and repairs which do not improve or extend the useful lives of the respective assets are charged to current expense. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, generally three to five years for equipment.

DEFERRED REVENUE

Revenue from contracts for services applicable to subsequent years, if any, has been deferred for recognition in the following year.

CONTRIBUTED SERVICES AND SUPPLIES

The Organization records contributions of office supplies and office personnel, all from United Way, as support and expense in the year such services and supplies are given. In-kind contribution and expense for use of the office space is recorded based on square footage and supplies and personnel time are recorded based on past history of percentage of use by Partners Ending Homelessness. Building occupancy donated in the Greensboro and High Point facility is recorded based on the market rate per square foot times the space used, minus the amount actually paid for the space.

RECENT ACCOUNTING GUIDANCE

During the year ended September 30, 2019, the Organization implemented ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, the beginning balances of the donor restricted net asset categories (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, *with donor restrictions*. The ASU requires additional disclosures in the areas of liquidity and endowment funds, modifies the direct method presentation of the Statement of Cash Flows, and requires reclassification of investment expenses which are netted in investment return to include internal investment expenses.

RESTRICTED AND UNRESTRICTED SUPPORT

The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

FUNCTIONAL EXPENSES

Functional expenses have been allocated based on an analysis of personnel time and space utilized for the related activities. While such estimates are not susceptible to precise determination, management believes the resulting allocations are reasonable.

PARTNERS ENDING HOMELESSNESS

Summary of Accounting Policies (Continued)

MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

EVENTS OCCURRING AFTER REPORTING DATE

The Organization has evaluated events and transactions that occurred between September 30, 2019 and February 19, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

PARTNERS ENDING HOMELESSNESS

Notes to Financial Statements

NOTE 1 - THE ORGANIZATION

Partners Ending Homelessness (a nonprofit organization) is a groundbreaking, collaborative partnership that includes over 200 community partners that work to generate housing, strengthen homeless prevention and supportive service efforts, and increase coordination, collaboration, and access through the continuum of care in our community. The Partnership serves as the planning and coordinating organization for homeless service delivery in Greensboro, High Point and Guilford County. The Organization fulfills its mission to prevent and end homelessness in the Guilford County area through three core areas of focus:

Connect with individuals and organizations to enhance awareness of and increase access to our system of care.

Support the development of an effective service system by functioning as the hub for information sharing and training about issues related to homelessness.

Restore lives in our community by securing and administering major funding with continuous oversight of services and resources.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Partners Ending Homelessness is supported by grants and contributions, some of which have donor restrictions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in interest bearing money market accounts.

Financial assets available for general expenditure that are without donor or other restrictions limiting their use, within one year of the balance sheet date is the current asset balance of \$174,190.

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

All pledges, grants, and contracts receivable are due to be collected in less than one year.

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

PARTNERS ENDING HOMELESSNESS
Notes to Financial Statements (Continued)

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds - valued at the net asset value of shares held.

NOTE 5 - INVESTMENTS

Investments and unrealized appreciation at September 30, 2019 are summarized below. Fair value was determined by referring to quoted prices in active markets, a level one input.

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
September 30, 2019 - Mutual Funds	<u>\$ 87,571</u>	<u>\$ 95,472</u>	<u>\$ 7,901</u>
September 30, 2018 - Mutual Funds	<u>\$ 85,369</u>	<u>\$ 91,857</u>	<u>\$ 6,488</u>

The following schedule summarizes investment return in the statements of activities:

	<u>2019</u>	<u>2018</u>
Dividends	\$ -	\$ 82
Interest	24	19
Investment fees	(1,114)	(1,082)
Realized and unrealized gain	<u>4,729</u>	<u>3,618</u>
	<u>\$ 3,639</u>	<u>\$ 2,637</u>

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could be material.

PARTNERS ENDING HOMELESSNESS
Notes to Financial Statements (Continued)

NOTE 6 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 15,872	\$ 14,523
Website	<u>2,500</u>	<u>2,500</u>
	18,372	17,023
Less accumulated depreciation/amortization	<u>15,196</u>	<u>14,067</u>
Net property and equipment	<u>\$ 3,176</u>	<u>\$ 2,956</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

Passage of time	\$ 40,499	\$ 38,201
Specified Purpose:		
Homeless Veterans	-	6,037
Incremental assistance	<u>-</u>	<u>5,000</u>
	<u>\$ 40,499</u>	<u>\$ 49,238</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of time or other events specified by the donors. Releases for the year ended September 30, 2019 are as follows:

Time restricted - subsequent year	\$ 50,701	\$ 50,819
Purpose restricted:		
Housing homeless veterans	6,037	8,963
Ten Year Project to End Homelessness	25,000	25,000
Continuum of Care	98,196	95,733
Zero: Beyond 2016	5,000	-
Special client assistance	<u>5,000</u>	<u>-</u>
	<u>\$ 189,934</u>	<u>\$ 180,515</u>

NOTE 8 - LEASE OBLIGATIONS

The Organization leases office space in Greensboro and High Point through June 30, 2020 and September 30, 2020, respectively where the rent is partially donated.

Future minimum lease payments for the fiscal year ending September 30, 2020 are \$5,058.

PARTNERS ENDING HOMELESSNESS

Notes to Financial Statements (Continued)

NOTE 8 - LEASE OBLIGATIONS (Continued)

Contributed office space amounted to \$22,604 and \$17,390 for the years ended September 30, 2019 and 2018 and lease expense was \$6,409 and \$5,415 totaling \$29,013 and \$22,805, respectively.

NOTE 9 - RETIREMENT PLAN

The Organization has a Simplified Employee Pension (SEP) plan for all eligible employees. Employees are eligible to participate upon successful completion of a three-month introductory period. Eligible earnings for the plan will be all earnings in the calendar year in which the employee becomes eligible. Employees are 100% vested immediately upon participation. The Board of Directors annually determines the percentage of salary to be contributed for all eligible employees. The amount paid during the years ended September 30, 2019 and 2018 was \$6,889 and \$6,507, respectively.

NOTE 10 - INCOME TAXES

The Organization is a non-profit corporation which received tax exempt status under Section 501(c)(3) of the Internal Revenue Code and comparable statutes under North Carolina law; therefore, no taxes are reflected in the financial statements.

NOTE 11 - DONATED SERVICES AND FACILITIES

Partners Ending Homelessness receives donated services, supplies and office space from the United Way of Greater High Point and donated office space from the United Way of Greater Greensboro. The value of this in-kind support and related in-kind expense for the year ended September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Rent	\$ 22,604	\$ 17,390
Personnel	14,021	16,945
Supplies	<u>2,063</u>	<u>2,289</u>
Total	<u>\$ 38,688</u>	<u>\$ 36,624</u>

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that subject the Organization to concentrations of credit risk consist of cash and cash equivalents on deposit at a bank. From time to time, deposits may exceed FDIC insurance limits.

NOTE 13 - RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.