

**Faith Community Homes
Financial Statements
Years ended June 30, 2020 and June 30, 2019**

**Faith Community Homes
Review Report
Years Ended June 30, 2020 and June 30, 2019**

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James C. Perkins, CPA P.C.
Certified Public Accountant
615 N. Beverly
Arlington Heights, IL 60004
Phone (847) 392-5675, Fax (847) 590-8698
james@jcpcpa.co

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Faith Community Homes
Arlington Heights, IL

I have reviewed the accompanying Statements of Financial Position of Faith Community Homes (a nonprofit organization) as of June 30, 2020 and June 30, 2019, and the related Statements of Activities and Changes in Net Assets, Statements of Cash Flows and the Notes to the Financial Statements for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements


Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United State of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Arlington Heights, IL
November 11, 2020

Faith Community Homes
Statements of Financial Position
June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets, without donor restrictions		
Cash	\$178,204	\$159,688
Grant receivable	6,662	10,750
Rent deposits	<u>5,925</u>	<u>6,973</u>
Total Current Assets, without donor restrictions	190,791	177,411
Funds with donor restrictions		
Cash	35,883	31,753
Loans receivables from families	<u>-</u>	<u>1,348</u>
Total Funds with donor restrictions	35,883	33,101
Fixed assets, net of accumulated depreciation of \$5,271 and \$4,100	<u>587</u>	<u>1,758</u>
Total Assets	<u><u>\$227,261</u></u>	<u><u>\$212,270</u></u>
Liabilities and Net Assets		
Accrued Liabilities	\$1,961	\$1,916
Net Assets		
With donor restrictions	35,883	33,101
Without donor restrictions	<u>189,417</u>	<u>177,253</u>
Total Net Assets	<u>225,300</u>	<u>210,354</u>
Total Liabilities and Net Assets	<u><u>\$227,261</u></u>	<u><u>\$212,270</u></u>

See accompanying notes and independent accountant's review report.

Faith Community Homes
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2020 and June 30, 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Revenue				
Participating churches				
Grant income	\$62,783		\$69,318	\$69,318
Donations received	36,287	\$9,000	35,667	35,667
In kind revenue	151,316	505	129,776	\$2,600
Interest income	66,103		75,550	75,550
	1,192	6	410	8
				418
Total Revenue	317,681	9,511	310,721	2,608
Program services	239,573	6,729	237,531	2,980
Fundraising expenses	23,155		32,669	32,669
Management and general activity	42,789		40,048	40,048
Total supporting services	305,517	6,729	310,248	2,980
Change in net assets	12,164	2,782	473	(372)
Net assets - beginning	177,253	33,101	176,780	33,473
Net assets - ending	\$189,417	\$35,883	\$177,253	\$33,101
				\$210,354

See accompanying notes and independent accountant's review report.

Faith Community Homes
Statements of Cash Flow
For the years ended June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Net income for the period	\$14,946	\$101
Depreciation	1,172	1,172
Adjustments to reconcile change in net assets to cash used in operating activities:		
Grant receivable	4,088	(167)
Loans receivables from families	1,348	250
Rent deposits	1,048	963
Accrued liabilities	45	(879)
	<u>22,647</u>	<u>1,440</u>
Net increase (decrease) in cash and cash equivalents	22,647	1,440
Cash and cash equivalents - beginning of period	191,441	190,001
Cash and cash equivalents - end of period	<u>\$214,087</u>	<u>\$191,441</u>

See accompanying notes and independent accountant's review report.

Faith Community Homes
Statements of Functional Expenses
For the years ended June 30, 2020 and June 30, 2019

-----2020-----2019-----

Expense	Program	Fundraising	Admin	TOTAL	Program	Fundraising	Admin	TOTAL
Salaries & related expenses	\$81,652	\$6,045	\$12,090	\$99,787	82,893	5,842	11,685	\$100,420
Volunteer time	19,500	-	23,500	43,000	20,250	-	21,750	42,000
Fundraising expenses	-	7,011	-	7,011	-	14,053	-	14,053
Rental support	91,382	-	-	91,382	78,715	-	-	78,715
Other family support	23,289	-	-	23,289	26,866	-	-	26,866
Rent expenses	12,200	-	-	12,200	12,200	-	-	12,200
Depreciation	-	-	1,172	1,172	-	-	1,172	1,172
Write off of loans	5,296	-	-	5,296	4,613	-	-	4,613
Marketing	1,514	5,648	-	7,162	2,365	8,947	-	11,312
Administrative	995	995	1,027	3,017	998	998	1,028	3,024
Computer	2,343	1,202	1,239	4,784	3,992	1,591	1,639	7,222
Office	3,641	2,254	2,322	8,217	3,713	1,238	1,275	6,226
Insurance	3,355	-	1,271	4,626	2,983	-	1,256	4,239
Other	1,136	-	169	1,305	924	-	244	1,167
Total expenses	\$246,302	\$23,155	\$42,789	\$312,246	\$240,511	\$32,669	\$40,048	\$313,228

See accompanying notes and independent accountant's review report.

Faith Community Homes

Notes to Financial Statements

1. Summary of significant accounting policies

This summary of significant accounting policies of Faith Community Homes (FCH) is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of the organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

a. Description of business

Faith Community Homes (FCH) is a non-for-profit organization. FCH was incorporated on July 22, 2003 in the state of Illinois. FCH provides rental support and financial counseling to low income Illinois families in Arlington Heights, Palatine and Schaumburg/Hoffman Estates. FCH is primarily supported by local churches and governmental agencies.

b. Basis of presentation

The financial statements are being presented on an accrual basis. FCH has adopted Accounting Standards Update (AUS) 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities". Under these pronouncements, FCH is required to report information regarding its financial position and activities according to two classes of net assets: With Donor Restrictions and Without Donor Restrictions. (See additional description below.) In addition, FCH is required to present Statements of Cash Flow and Statements of Functional Expenses. There are no material transitional differences reported during this adoption.

c. Cash

Cash - without donor restrictions and cash – with donor restrictions consists of amounts in a checking account and a savings account.

d. Loan receivables from families

All loan receivables are valued at the lower of cost or realizable value.

e. Grant receivable

Grant receivable is for amounts owed from local government agencies for the periods ending June 30, 2020 and June 30, 2019. FCH received a \$5,000 grant from the Village of Schaumburg that is for the period March 1, 2020 through February 29, 2021. Eight months of this grant has been deferred and is netted against the other grant receivables.

Faith Community Homes

Notes to Financial Statements

f. Rent deposits

Rent deposits are paid to the landlords of the supported families. All rent deposits are expected to be refunded at the end of the respective leases.

g. Property and equipment

Property and equipment is the company website. It is stated at cost and is depreciated on a straight-line basis over its estimated useful life. All other purchases of furniture and equipment is expensed due to materiality.

h. Investments

FCH has no investment accounts.

i. Revenue

Revenue is received in the form of grants from local municipalities and contributions from local churches and individual donors. Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give with due dates extending beyond one year are discounted, although there were none reported as of June 30, 2020 or June 30, 2019. Donor restricted contributions are reported as increases in the temporarily restricted funds.

j. Income taxes

FCH has been approved as a tax-exempt organization under the Internal Revenue Code section 501(c)(3). Accordingly, no provision for income taxes is made in the financial statements.

k. Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired, or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the FCH. Certain restrictions may be needed to be maintained in perpetuity. Examples of funds with

Faith Community Homes Notes to Financial Statements

donor restrictions are funds donated for the specific use of the car ministry, textbooks for the families' children or support for a specific family in the program.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

The balance in these categories is noted on the statement of financial position as "Funds with donor restriction - Cash" in the Assets section. The activity for the years is separately reported on the Statements of Activities and Changes in Net Assets.

1. Use of 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

2. In kind service income and expenses

FCH is required to include "In Kind Service Income" and "In Kind Service Expense" in the financial statements. This income/expense includes the following with an estimate made by management on the values of the services or property.

	<u>2020</u>	<u>2019</u>
Volunteer time from mentors (Hours @ \$25/hour)	\$26,000	\$27,000
Board volunteers (Hours @ \$25/hour)	17,000	15,000
Office space in Palatine	11,000	11,000
Gift cards/certificates for families	4,268	8,050
Food donations for families	3,000	4,500
Social Media/Website volunteer	1,500	2,500
Household & School Supplies/Clothes for families	1,030	1,000
Service time from many volunteers (Hours @ \$15/hour)	1,000	3,000
Office Supplies	600	-0-
Services donated by local businesses	500	3,500
Automobiles	<u>205</u>	<u>-0-</u>
Total In Kind Income & Expenses	<u>\$66,103</u>	<u>\$75,550</u>

3. Related party transactions

A member of the Board of Directors provides printing services to FCH through the member's company. The total amount of printing services purchased by FCH from the member during the year ended 2020 was \$6,729 and during the year 2019 was \$6,224. There were no amounts owed this member as of June 30, 2020 or June 30, 2019.

Faith Community Homes

Notes to Financial Statements

4. Subsequent events

Subsequent events have been evaluated through the date of the Independent Accountant's Report, which is the date the financial statements were available to be issued.

In 2020, the world is experiencing a COVID-19 pandemic. The result is far reaching effects on individuals, businesses, and governments. This has directly affected FCH's ability to raise funds through its' annual fundraising activities and this pandemic will likely hamper their ability to raise funds through the next fiscal year as well. FCH has been and will be working to raise funds through newly created fundraising activities and does have adequate resources to continue operations for the foreseeable future.

5. Liquidity and availability of financial assets

FCH manages its financial assets to meet its current obligations through an annual budget and regular review of financial information at board meetings. It has adequate resources to fund short term reductions in revenue and maintain its services. At June 30, 2020, FCH had \$184,866 available to meet needs for general expenditures which is approximately 77% of FCH's annual expenditures consisting of cash and cash equivalents of \$178,204 and \$6,662 of grants receivable. At June 30, 2019, FCH had \$170,438 available to meet needs for general expenditures which was approximately 73% of FCH's annual expenditures consisting of cash and cash equivalents of \$159,688 and \$10,750 of grants receivable. None of these financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of FCH in the next 12 months. In addition, FCH maintains funds with donor restrictions. These funds are used for the specific purpose as determined by the donor.

6. Fair value of assets

Generally accepted accounting principles provide a uniform framework for the definition, measurement and disclosure of fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability. FCH does not have any assets that would require valuation under this pronouncement.

7. Functional allocation of expenditures

The costs of providing the programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. If evident from the type of expense it is charged directly to the program or supporting service. Other costs, such as the executive director, office expenditures, volunteer time, etc. are allocated based on the time spent by the executive director or the impact of the expenditure on the program or supporting service.

Faith Community Homes
Notes to Financial Statements

8. Adoption of new accounting standard

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three to two - net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by FCH, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for FCH's year ending June 30, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January I, 2018. Adoption of the ASU did not result in any reclassification or restatements to net assets or change in net assets.