

HomeShare Vermont, Inc.

Index

June 30, 2018 & 2017

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Michael Julow
Certified Public Accountant

Independent Auditor's Report

To the Management and
Board of Directors of
HomeShare Vermont, Inc.
412 Farrell Street, Suite 300
South Burlington, VT 05403

Report on the Financial Statements

I have audited the accompanying financial statements of HomeShare Vermont, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeShare Vermont, Inc. as of June 30, 2018 and 2017, 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.

A handwritten signature in cursive script that reads "Michael Fulow".

August 15, 2018

License Number 92-0000148

HomeShare Vermont, Inc.
Statements of Financial Position
June 30, 2018 & 2017

Assets

	<u>6/30/18</u>	<u>6/30/17</u>
Current Assets		
Cash and cash equivalents	\$ 348,311	\$ 295,038
Prepaid expense	-	2,750
Grants receivable	<u>9,940</u>	<u>17,440</u>
 Total Current Assets	 <u>358,251</u>	 <u>315,228</u>
 Other Assets		
Cash restricted to building and office related expenditures	58,597	60,507
Beneficial Interest in Assets Held by Vermont Community Foundation (Note 5)	437,010	408,048
Investments Held By Community Bank, N.A. (Note 6)	<u>342,415</u>	<u>327,973</u>
	<u>838,022</u>	<u>796,528</u>
 Property & Equipment, at cost		
Office condominium	202,352	202,352
Improvements	18,676	18,676
Office furniture & equipment	<u>19,854</u>	<u>19,854</u>
Accumulated depreciation	<u>(80,167)</u>	<u>(73,227)</u>
	<u>160,715</u>	<u>167,655</u>
 Total Assets	 <u>\$ 1,356,988</u>	 <u>\$ 1,279,411</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 3,249	\$ 3,564
Accrued payroll & related liabilities	<u>5,351</u>	<u>5,479</u>
 Total Current Liabilities / Total Liabilities	 <u>8,600</u>	 <u>9,043</u>
 Net Assets		
Unrestricted net assets		
Undesignated	231,816	191,580
Designated by Board	460,250	442,578
Used for office facility, furniture & equipment, less depreciation	<u>160,715</u>	<u>167,655</u>
	<u>852,781</u>	<u>801,813</u>
 Beneficial Interest in Assets Held by Vermont Community Foundation (Note 5)	 <u>437,010</u>	 <u>408,048</u>
 Temporarily restricted net assets held for building and office related expenditures	 <u>58,597</u>	 <u>60,507</u>
 Total Net Assets	 <u>1,348,388</u>	 <u>1,270,368</u>
 Total Liabilities and Net Assets	 <u>\$ 1,356,988</u>	 <u>\$ 1,279,411</u>

See accompanying notes.

HomeShare Vermont, Inc.
Statements of Activities
Years Ended June 30, 2018 & 2017

	<u>6/30/18</u>	<u>6/30/17</u>
<u>Unrestricted Revenues</u>		
Grants		
United Way	\$ 20,976	\$ 29,654
State of Vermont	179,940	179,940
Municipalities	12,850	12,900
CDBG	<u>6,500</u>	<u>6,500</u>
Total Grants	220,266	228,994
Contributions	177,759	134,761
Contributed services	17,832	22,953
Special Events	26,384	39,967
FY18: Revenue of \$29,915 less expenses of \$ 3,531		
FY17: Revenue of \$ 53,734 less expenses of \$ 13,767		
Client fees	10,090	8,385
Rental income	3,000	3,000
Investment earnings and gains (losses)	43,405	81,192
Other interest income	4,629	3,431
Net assets released from restrictions: building and office related expenditures	<u>3,207</u>	<u>3,262</u>
Total Unrestricted Revenues	<u>506,572</u>	<u>525,945</u>
<u>Unrestricted Expenses</u>		
Program services	<u>369,488</u>	<u>355,551</u>
Support services		
Management and general	44,767	32,614
Fund-raising	<u>12,387</u>	<u>15,009</u>
Total Support services	<u>57,154</u>	<u>47,623</u>
Total Expenses	<u>426,642</u>	<u>403,174</u>
Increase in unrestricted net assets	<u>79,930</u>	<u>122,771</u>
<u>Temporarily restricted net assets</u>		
Interest income earned on building account	1,297	1,126
Net assets released from restrictions: building and office related expenditures	<u>(3,207)</u>	<u>(3,262)</u>
Increase (decrease) in temporarily restricted net assets	<u>(1,910)</u>	<u>(2,136)</u>
Increase in net assets	78,020	120,635
Net assets - beginning of year	<u>1,270,368</u>	<u>1,149,733</u>
Net assets - end of year	<u>\$ 1,348,388</u>	<u>\$ 1,270,368</u>

See accompanying notes.

HomeShare Vermont, Inc.
Statements of Functional Expenses

<u>Year Ended June 30, 2018</u>	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 203,770	\$ 12,581	\$ 8,313	\$ 224,664
Payroll benefits	56,711	3,501	2,314	62,526
Volunteer program service	17,832	-	-	17,832
Education & training	-	3,080	-	3,080
Advertising	24,514	-	-	24,514
Occupancy, including depreciation	13,098	809	534	14,441
Postage	2,888	178	118	3,184
Audit	-	4,400	-	4,400
Business insurance	-	5,264	-	5,264
Printing	17,250	1,065	703	19,018
Equipment expenses	4,387	271	179	4,837
Supplies	2,226	137	91	2,454
Telephone	3,310	204	135	3,649
Travel	4,161	-	-	4,161
Guidebook	6,075	-	-	6,075
Website	6,769	-	-	6,769
Accounting / Bookkeeping	-	6,779	-	6,779
Miscellaneous	6,497	6,498	-	12,995
Total	\$ 369,488	\$ 44,767	\$ 12,387	\$ 426,642

<u>Year Ended June 30, 2017</u>	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 193,482	\$ 9,143	\$ 9,993	212,618
Payroll benefits	52,772	2,494	2,726	57,992
Volunteer program service	22,953	-	-	22,953
Education & training	-	3,758	-	3,758
Advertising	27,077	-	-	27,077
Occupancy, including depreciation	15,999	756	827	17,582
Postage	3,034	321	215	3,570
Audit	-	4,200	-	4,200
Business insurance	-	5,369	-	5,369
Printing	17,696	836	914	19,446
Equipment expenses	1,410	67	72	1,549
Supplies	2,711	128	140	2,979
Telephone	2,370	112	122	2,604
Travel	3,617	-	-	3,617
Consultants	1,043	1,043	-	2,086
Video	7,000	-	-	7,000
Misc.	4,387	4,387	-	8,774
Total	\$ 355,551	\$ 32,614	\$ 15,009	\$ 403,174

HomeShare Vermont, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2018 & 2017

	<u>6/30/18</u>	<u>6/30/17</u>
Cash flows from operating activities		
Increase in net assets	\$ 78,020	\$ 120,635
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	6,940	6,940
(Increase) Decrease in value of investments	(43,405)	(81,192)
(Increase) Decrease in grants receivable	7,500	(6,263)
(Increase) Decrease in prepaid expense	2,750	(2,750)
Increase (Decrease) in payables	<u>(442)</u>	<u>1,419</u>
Net cash provided by operating activities	<u>51,363</u>	<u>38,789</u>
Cash flows to investing activities		
Transfers to Investments held by Community Bank, N.A.	-	(50,000)
Decrease in temporarily restricted assets	<u>1,910</u>	<u>2,136</u>
Net cash used for investing activities	<u>1,910</u>	<u>(47,864)</u>
Increase (Decrease) in cash	53,273	(9,075)
Cash and cash equivalents, beginning of year	<u>295,038</u>	<u>304,113</u>
Cash and cash equivalents, end of year	<u>\$ 348,311</u>	<u>\$ 295,038</u>
Non cash transactions:		
Volunteer revenue / expense	\$ 17,832	\$ 22,953
In kind revenue / expense	5,833	-

See accompanying notes.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

HomeShare Vermont, Inc. is a nonprofit organization formed for the purpose of assisting elders and persons with disabilities to remain living independently in their homes and to provide affordable housing to people who need it. HomeShare Vermont, Inc. screens and matches individuals who need affordable housing and can provide some services for individuals who have homes but need help in order to live independently.

Nature of Organization and Additional Reporting Information

HomeShare Vermont, Inc., previously known as Project HOME, was founded in 1982 by staff and volunteers with the Retired Senior Volunteer Program (RSVP). In 1986, HomeShare Vermont, Inc. became a program of Cathedral Square Corporation (CSC), a local non-profit housing development organization that focuses on the needs of seniors and people with disabilities. By resolution of the Board of Directors of Cathedral Square Corporation, the operations and all financial, tangible and intangible assets of the program were transferred and assigned, effective January 1, 2005, to HomeShare Vermont, Inc., which had received its certificate of incorporation from the State of Vermont on October 12, 2004.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions / Restrictions on Net Assets

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions received as part of a capital campaign for the specific purpose of assisting with its purchase of an office facility and other building related expenditures have been classified as temporarily restricted net assets. The unused balance remaining from the capital campaign was \$58,597, including investment earnings, as of June 30, 2018. The cash balance in the account at that date was \$65,066, but \$6,469 of this amount was reimbursable to unrestricted cash accounts for building related expenses paid.

In addition, the Board of Directors has designated gifts and bequests to the Polly Rowe Fund to be set aside in a separate account and used to generate operating income. This Fund is classified as unrestricted because there have been no donor restrictions on the contributions and the Board retains full discretion as to the use of the Fund.

Grant Revenue

HomeShare Vermont, Inc. receives various governmental grants and an annual United Way allocation which are recognized as revenue in the service period specified by the agreements.

Income Taxes

HomeShare Vermont, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, no provision for federal income taxes has been made in the accompanying financial statements. In addition, HomeShare Vermont, Inc. has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the home sharing program and supporting services benefited. Most of the functional expenses have been allocated based on the amount of time that employees have spent on each activity. Employees are required to keep and submit time sheets as a basis for the allocations.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, HomeShare Vermont, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of December 31, 2018 and 2017, there were no cash equivalents available for current use.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. 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 unrestricted net assets 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.

Promises to Give

As of June 30, 2018, HomeShare Vermont, Inc. had not received any unconditional promises to give.

Fair value of financial instruments

HomeShare Vermont, Inc. estimates that the carrying amount of all financial instruments such as cash, grants receivable and accounts payable approximated their fair values due to the short-term maturity of these instruments.

Property and Equipment

Property and equipment acquired by purchase have been capitalized at cost. Major improvements and purchases of furniture and equipment are capitalized while routine repairs and maintenance and smaller purchases of furniture and equipment are charged to expense as incurred. Donations of property and equipment would be recorded as contributions at their estimated fair value; but as of June 30, 2018, none had been made. Depreciation of property and equipment has been calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows: condo – 40 years, improvements – 15 years and furniture & equipment – 7 years. Depreciation expense for each of the years ended June 30, 2018 and 2017 was \$6,940.

Note 2 - Office Facility

The Organization operates out of an office condominium located in South Burlington, Vermont. The condominium was purchased May 14, 2007 with contributions received from a capital campaign. The remaining balance of the capital campaign funds raised was \$58,597 and \$60,507 as of June 30, 2018 and 2017, respectively.

Note 3 – Contributed Services

HomeShare Vermont, Inc. receives a significant amount of contributed services from unpaid volunteers, primarily to assist with creating and supporting home sharing matches. During the year ended June 30, 2018, \$17,832 of contributed services was recognized as revenue in the statement of activities. \$22,953 of contributed services was recognized in the year ended June 30, 2017.

Note 4 – Beneficial Interest in Assets Held by Vermont Community Foundation

Through June 30, 2015, HomeShare Vermont, Inc. had transferred \$267,654 to the HomeShare Vermont Fund of the Vermont Community Foundation. The HomeShare Vermont Fund is the exclusive property of the Foundation, which shall have the ultimate authority and control over all property in the Fund, including earnings and appreciation derived from the property. In accordance with the spending policy in effect as set by the Board of Directors of the Foundation, the Foundation will annually distribute to HomeShare Vermont, Inc. a percentage of the market value of the Fund. This amount will be calculated at the beginning of each fiscal year of the Foundation and communicated to HomeShare Vermont, Inc. at that time. Any other requests for distribution by HomeShare

Vermont, Inc. shall be advisory and not binding on the Foundation. A decision by the Foundation to return the assets of the Fund to HomeShare Vermont, Inc. will be made if circumstances occur that, in the sole and absolute discretion of the Board of the Foundation, make it desirable and in the best interest of HomeShare Vermont Inc. and/or the Foundation for the assets of the Fund to be returned.

While the Foundation has the “variance power” to modify restrictions, as required by legal standards imposed on all community foundations, and is the legal owner of all assets contributed to any of its component funds, the reporting of financial information is determined by accounting standards that require that if a community foundation accepts a contribution from an agency and agrees to transfer those assets, the return on investment of those assets or both back to the agency, then these contributions are presented as a liability of the community foundation and as an asset on the financial statements of the agency. This is the case with the HomeShare Vermont Fund. Therefore, for financial statement purposes, the Beneficial Interest in Assets Held by Vermont Community Foundation is reported as an asset in the statement of financial position of HomeShare Vermont, Inc. at its fair market value, which is determined by the underlying assets.

The fair market value of the Beneficial Interest in Assets Held by Vermont Community Foundation was \$437,010 as of June 30, 2018 and \$408,048 as of June 30, 2017. Substantially all of the underlying assets consist of stocks, bond and mutual funds traded in an active market. A gain of \$28,962, net of expenses, was recognized for the year ended June 30, 2018. A gain of \$56,777, net of expenses, was recognized for the year ended June 30, 2017. No distributions were made to HomeShare Vermont, Inc. during the years ended June 30, 2018 and 2017.

As the investment vehicle for its beneficial interest in the assets of the Fund, HomeShare Vermont, Inc. selected the Foundation’s “Primary Pool”, which is a mix of equities, alternatives and fixed income.

Note 5 – Investments Held By Community Bank, N.A.

In the year ended June 30, 2017, HomeShare Vermont, Inc. transferred \$50,000 into an investment account at Community Bank, N.A. The investments are reported in the statement of financial position at their fair market value.

	<u>6/30/18</u>	<u>6/30/17</u>
<u>Summary of activity</u>		
Beginning balance	\$327,973	\$253,559
Transfers in	-	50,000
Dividends & interest earned	5,227	7,746
Realized & unrealized capital gains (losses)	13,016	19,892
Investment fees	<u>(3,801)</u>	<u>(3,224)</u>
Ending balance	<u>\$342,415</u>	<u>\$327,973</u>
<u>Summary of allocation</u>		
Cash and cash equivalents	\$ 10,665	\$ 4,733
Equities	205,277	195,691
Fixed income	<u>126,473</u>	<u>127,549</u>
Ending balance	<u>\$342,415</u>	<u>\$327,973</u>

All of the investments are classified as Level 1, which refers to investments traded in an active market. The level relates to valuation only and does not necessarily indicate a measure of risk.

Note 6 – Retirement Plan

HomeShare Vermont has a 403(b) retirement plan available to employees who wish to participate. Employees can elect to have tax deferred withholdings taken from their compensation, but no contributions are made by HomeShare Vermont.

Note 7 – Copier Lease

HomeShare Vermont negotiated a non-cancelable lease for its copier beginning on June 22, 2017 and extending through June 22, 2022. Under generally accepted accounting principles, the lease qualifies as a capital lease. As a capital lease, the value of the copier would be capitalized and a loan / capital lease reported as a liability. The copier would be depreciated over the five year life of the copier, and payments would be recorded as partly loan principal and partly interest expense. The purchase price of the copier and the initial balance on the loan / capital lease would be approximately \$7,000.

Management has chosen to report the lease as an operating lease, which means that payments are deducted as lease expense and no asset or liability is reported. Management believes that the difference between reporting the lease as an operating lease rather than a capital lease is immaterial due to the amounts involved. The lease expense reported for the year ended June 30, 2018 was \$1,608. Future minimum lease payments are as follows: 6/30/19 - \$1,608, 6/30/20 - \$1,608, 6/30/21 - \$1,608 and June 30, 2022 - \$1,608.

Note 8 – Services Agreement

HomeShare Vermont and Cathedral Square Corporation entered into a month-to-month Services Agreement on September 1, 2017. Under the Agreement, Cathedral Square will provide accounting services estimated to be worth \$7,000 per year and HomeShare will provide office space for Cathedral Square estimated to be worth \$3,000. The remaining \$4,000 has been recorded as an in-kind donation from Cathedral Square to HomeShare.

Note 9 - Concentration

Home Share Vermont receives substantial support each year from the State of Vermont. In the year ended June 30, 2018, \$179,940 was received. In the year ended June 30, 2017, the same amount was received. This represented approximately 35% of its total revenues in each year.

Note 10 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 1, 2018, the date which the financial statements were available to be issued.