

HomeShare Vermont, Inc.

Index

June 30, 2016 & 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 Julow". The signature is written in black ink and is positioned below the main body of text.

August 18, 2016

License Number 92-0000148

HomeShare Vermont, Inc.
Statements of Financial Position
June 30, 2016 & 2015

<u>Assets</u>	<u>6/30/16</u>	<u>6/30/15</u>
Current Assets		
Cash and cash equivalents	\$ 304,113	\$ 322,249
Grants receivable	<u>11,177</u>	<u>18,409</u>
 Total Current Assets	 <u>315,290</u>	 <u>340,658</u>
 Other Assets		
Cash restricted to building related expenditures	62,643	60,600
Fund Held By Vermont Community Foundation (See Note 5)	351,269	360,936
Investments Held By Merchants Trust Co. (See Note 6)	<u>253,559</u>	<u>209,096</u>
	<u>667,471</u>	<u>630,632</u>
 Property & Equipment, at cost		
Office facility	221,028	221,028
Office furniture & equipment	19,854	19,854
Accumulated depreciation	<u>(66,287)</u>	<u>(59,347)</u>
	<u>174,595</u>	<u>181,535</u>
 Total Assets	 <u>\$ 1,157,356</u>	 <u>\$ 1,152,825</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 2,693	\$ 3,592
Accrued payroll	<u>4,930</u>	<u>10,906</u>
 Total Current Liabilities / Total Liabilities	 <u>7,623</u>	 <u>14,498</u>
 Net Assets		
Unrestricted net assets		
Undesignated	195,967	190,314
Designated by Board	365,259	344,942
Used for office facility, furniture & equipment, less depreciation	<u>174,595</u>	<u>181,535</u>
	<u>735,821</u>	<u>716,791</u>
 Fund Held by Vermont Community Foundation (See Note 5)	 <u>351,269</u>	 <u>360,936</u>
 Temporarily restricted net assets held for building related expenditures	 <u>62,643</u>	 <u>60,600</u>
 Total Net Assets	 <u>1,149,733</u>	 <u>1,138,327</u>
 Total Liabilities and Net Assets	 <u>\$ 1,157,356</u>	 <u>\$ 1,152,825</u>

See accompanying notes.

HomeShare Vermont, Inc.
Statements of Activities
Years Ended June 30, 2016 & 2015

	<u>6/30/16</u>	<u>6/30/15</u>
<u>Unrestricted Revenues</u>		
Grants		
United Way	\$ 29,648	\$ 54,790
State of Vermont	179,937	179,940
Municipalities	13,080	13,050
CDBG	<u>10,537</u>	<u>10,538</u>
 Total Grants	 233,202	 258,318
Contributions	129,422	120,026
Contributed services	22,254	21,474
Special Events	9,894	16,068
	FY16: Revenue of \$ 9,894 less expenses of \$ - 0 -	
	FY15: Revenue of \$ 20,519 less expenses of \$4,451	
Client fees	6,965	10,154
Rental income	2,640	2,430
Investment earnings and gains (losses)	(10,204)	6,280
Other interest income	3,226	3,096
 Net assets released from restrictions		
Restrictions satisfied by payments (building related expenses)	<u>-</u>	<u>-</u>
 Total Unrestricted Revenues	 <u>397,399</u>	 <u>437,846</u>
 <u>Unrestricted Expenses</u>		
Program services	<u>323,904</u>	<u>343,792</u>
Support services		
Management and general	45,141	44,534
Fund-raising	<u>18,991</u>	<u>18,813</u>
Total Support services	<u>64,132</u>	<u>63,347</u>
 Total Expenses	 <u>388,036</u>	 <u>407,139</u>
 Increase in unrestricted net assets	 <u>9,363</u>	 <u>30,707</u>
 <u>Temporarily restricted net assets</u>		
Interest income - building fund	<u>2,043</u>	<u>2,094</u>
 Increase in temporarily restricted net assets	 <u>2,043</u>	 <u>2,094</u>
 Increase in net assets	 11,406	 32,801
 Net assets - beginning of year	 <u>1,138,327</u>	 <u>1,105,526</u>
 Net assets - end of year	 <u>\$ 1,149,733</u>	 <u>\$ 1,138,327</u>

See accompanying notes.

HomeShare Vermont, Inc.
Statements of Functional Expenses

<u>Year Ended June 30, 2016</u>	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 184,462	\$ 19,531	\$ 13,021	\$ 217,014
Payroll benefits	49,483	5,239	3,493	58,215
Volunteer program service	22,254	-	-	22,254
Education & training	-	2,258	-	2,258
Advertising	23,940	-	-	23,940
Occupancy, including depreciation	11,922	1,262	842	14,026
Postage	3,131	332	221	3,684
Audit	-	4,000	-	4,000
Business insurance	-	5,185	-	5,185
Printing	12,498	1,324	882	14,704
Equipment expenses	2,397	254	169	2,820
Supplies	2,270	240	160	2,670
Telephone	2,874	304	203	3,381
Travel	3,460	-	-	3,460
Consultants	701	701	-	1,402
Miscellaneous	4,512	4,511	-	9,023
Total	<u>\$ 323,904</u>	<u>\$ 45,141</u>	<u>\$ 18,991</u>	<u>\$ 388,036</u>

<u>Year Ended June 30, 2015</u>	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 172,939	\$ 18,086	\$ 12,194	\$ 203,219
Payroll benefits	46,140	4,825	3,253	54,218
Volunteer program service	21,474	-	-	21,474
Education & training	6,240	5,391	-	11,631
Advertising	24,612	-	-	24,612
Occupancy, including depreciation	12,134	1,269	855	14,258
Postage	3,481	364	246	4,091
Audit	-	3,750	-	3,750
Business insurance	-	5,433	-	5,433
Printing	15,789	1,651	1,114	18,554
Equipment expenses	1,617	169	114	1,900
Supplies	3,452	361	243	4,056
Telephone	3,137	328	221	3,686
Travel	5,456	-	-	5,456
Workshop expenses	888	-	-	888
Consultants	1,254	1,254	-	2,508
Computer, database & website maintenance	-	1,080	-	1,080
Program change expenses	15,697	-	-	15,697
Miscellaneous	9,482	573	573	10,628
Total	<u>343,792</u>	<u>44,534</u>	<u>18,813</u>	<u>\$ 407,139</u>

HomeShare Vermont, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2016 & 2015

	<u>6/30/16</u>	<u>6/30/15</u>
Cash flows from operating activities		
Increase in net assets	\$ 11,406	\$ 32,801
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	6,940	7,113
(Increase) Decrease in value of investments	10,204	(6,280)
(Increase) Decrease in grants receivable	7,232	2,975
Increase (Decrease) in payables	<u>(6,875)</u>	<u>583</u>
Net cash provided by operating activities	<u>28,907</u>	<u>37,192</u>
Cash flows to investing activities		
Transfers to Investments held by Merchants Trust, Inc.	<u>(45,000)</u>	<u>(25,000)</u>
Net cash used for investing activities	<u>(45,000)</u>	<u>(25,000)</u>
Increase (Decrease) in cash	(16,093)	12,192
Cash and cash equivalents, beginning of year	<u>382,849</u>	<u>370,657</u>
Cash and cash equivalents, end of year	<u>\$ 366,756</u>	<u>\$ 382,849</u>
Cash in current assets	\$ 304,113	\$ 322,249
Cash restricted to building expenditures	<u>62,643</u>	<u>60,600</u>
	<u>\$ 366,756</u>	<u>\$ 382,849</u>

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.

Change in Activities

In addition to homesharing, the organization had developed a caregiving program to match frail elders and people with disabilities who need personal, non-medical care in their homes with people who seek caregiving job opportunities.

New federal regulations would require either restructuring the caregiving program, resulting in changes in the nature of the service offered, or accepting the potential liabilities of being a third party employer. As a result, the Board of Directors of HomeShare Vermont decided to close the caregiving program as of December 31, 2014. Subsequent to this decision, circumstances changed temporarily; and the program continued to work with existing clients through December 31, 2015.

The new federal regulations do not impact the homesharing program, and management believes that the funding and financial implications of the change in activities to HomeShare Vermont will not be significant.

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 \$62,643, including investment earnings, as of June 30, 2016.

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.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments including all certificates of deposit.

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.

Depreciation

Property and equipment are stated at cost and are being depreciated over the estimated useful lives of the assets using the straight-line method.

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.

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, 2016, \$22,254 of contributed services were recognized as revenue in the statement of activities. \$21,474 of contributed services were recognized in the previous fiscal year.

Note 4 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 1, 2016, the date which the financial statements were available to be issued.

Note 5 - Fund 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 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 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 Fund 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 Fund’s underlying assets.

The fair market value of the Fund was \$351,269 as of June 30, 2016 and \$360,936 as of June 30, 2015. A loss on investments of \$9,667, net of expenses, was recognized in the statement of activities for the year ended June 30, 2016 and a net gain of \$7,406 was recognized for the year ended June 30, 2015. No distributions were made from the Fund to HomeShare Vermont, Inc. during the years ended June 30, 2016 and 2015.

As the investment vehicle for 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 6 – Investments Held By Merchants Trust Co.

In the year ended June 30, 2016, HomeShare Vermont, Inc. transferred \$45,000 into an investment account at Merchants Trust Co. \$25,000 was transferred in the year ended June 30, 2015. The investments are reported in the statement of financial position at their fair market value.

	<u>6/30/16</u>	<u>6/30/15</u>
<u>Summary of activity</u>		
Beginning balance	\$209,096	\$185,222
Contribution	45,000	25,000
Dividends & interest earned	5,353	2,796
Realized & unrealized capital gains (losses)	(3,224)	(1,480)
Investment fees	<u>(2,666)</u>	<u>(2,442)</u>
Ending balance	<u>\$253,559</u>	<u>\$209,096</u>
<u>Summary of allocation</u>		
Cash and cash equivalents	\$ 3,868	\$ 2,330
Equities	149,700	84,386
Fixed income	<u>99,991</u>	<u>122,380</u>
Ending balance 6/30/15	<u>\$253,559</u>	<u>\$209,096</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 7 – 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.