

**HORIZON HOUSING
DEVELOPMENT COMPANY**

AUDITED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

HORIZON HOUSING DEVELOPMENT COMPANY

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HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 127,571	\$ 188,897
Accounts receivable	1,995	4,750
Grants receivable	26,199	12,394
Prepaid expenses	30,063	29,036
Total current assets	185,828	235,077
NONCURRENT ASSETS		
Property and equipment, net	1,455,639	1,471,639
Total noncurrent assets	1,455,639	1,471,639
Total assets	\$ 1,641,467	\$ 1,706,716
CURRENT LIABILITIES		
Accounts payable	\$ 10,825	\$ 22,368
Accrued vacation pay	7,921	8,947
Accrued payroll taxes	606	2,008
Security deposits	14,536	5,457
Current portion of note payable	16,700	16,700
Total current liabilities	50,588	55,480
NONCURRENT LIABILITIES		
Notes payable, net of current portion	133,600	150,300
Total noncurrent liabilities	133,600	150,300
Total liabilities	184,188	205,780
NET ASSETS		
Without donor restriction	1,457,279	1,500,936
With donor restriction	-	-
Total net assets	1,457,279	1,500,936
Total liabilities and net assets	\$ 1,641,467	\$ 1,706,716

See accompanying notes and independent auditors' report

**HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

	Without Donor restriction	With Donor restriction	Total	2018 Totals
SUPPORT AND REVENUE				
Rent	\$ -	\$ 172,949	\$ 172,949	\$ 75,215
Grants - St. Louis Office for Developmental Disability Resources	-	413,144	413,144	520,521
CoC St. Louis	-	184,286	184,286	-
Non-cash contributions-loan forgiveness	-	16,700	16,700	-
Non-cash contributions-real estate	-	-	-	220,099
Other income	1,240	-	1,240	393
Total support and revenue	1,240	787,079	788,319	816,228
Net assets released from restriction				
Satisfaction of restrictions	787,079	(787,079)	-	-
Total	788,319	-	788,319	816,228
EXPENSES				
Program	679,176	-	679,176	534,395
Total program expenses	679,176	-	679,176	534,395
Support expenses				
General and administration	146,275	-	146,275	162,518
Fundraising	6,525	-	6,525	6,130
Total support expenses	152,800	-	152,800	168,648
Total expenses	831,976	-	831,976	703,043
Changes in net assets	(43,657)	-	(43,657)	113,185
Net assets-beginning of year	1,500,936	-	1,500,936	1,387,751
Net assets-end of year	\$ 1,457,279	\$ -	\$ 1,457,279	\$ 1,500,936

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Salaries	\$ 203,956	\$ 82,580	\$ 5,092	\$ 291,628	\$ 255,187
Conferences and meetings	6,925	500	-	7,425	3,000
Employee benefits	41,760	24,518	1,043	67,321	56,746
Utilities	104,400	3,900	-	108,300	83,933
Equipment rental, repairs and maintenance	109,671	230	-	109,901	40,617
Unemployment	2,560	-	-	2,560	20,837
Payroll taxes	14,530	6,071	390	20,991	18,502
Professional fees	11,641	11,851	-	23,492	22,005
Insurance	27,305	7,675	-	34,980	27,495
Telephone	15,605	4,372	-	19,977	20,225
Supplies	19,322	1,425	-	20,747	9,896
Security	9,352	900	-	10,252	6,397
Specific assistance to individuals	6,685	-	-	6,685	2,567
Travel/Mileage	500	300	-	800	1,000
Board expenses	-	962	-	962	1,000
Settlement expense	-	-	-	-	35,000
Other expenses	3,550	991	-	4,541	2,497
Total before depreciation	<u>577,762</u>	<u>146,275</u>	<u>6,525</u>	<u>730,562</u>	<u>606,904</u>
Depreciation	<u>101,414</u>	<u>-</u>	<u>-</u>	<u>101,414</u>	<u>96,139</u>
Total expenses	<u>\$ 679,176</u>	<u>\$ 146,275</u>	<u>\$ 6,525</u>	<u>\$ 831,976</u>	<u>\$ 703,043</u>

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (43,657)	\$ 113,185
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	101,414	96,139
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,755	520
(Increase) decrease in grants receivable	(13,805)	43,422
(Increase) decrease in prepaid expenses	(1,027)	(1,350)
Increase (decrease) in accounts payable	(11,543)	17,902
Increase (decrease) in accrued vacation pay	(1,026)	2,525
Increase (decrease) in accrued payroll taxes	(1,402)	(485)
Increase (decrease) in security deposits	9,079	430
Net cash provided by (used in) operating activities	40,788	272,288
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(85,414)	(105,131)
Non-cash contribution of fixed asset	-	(220,099)
Net cash provided by (used in) investing activities	(85,414)	(325,230)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	167,000
Forgiveness of current portion of note payable	(16,700)	-
Net cash provided by (used in) financing activities	(16,700)	167,000
Net increase (decrease) in cash and cash equivalents	(61,326)	114,058
Cash and cash equivalents - beginning of year	188,897	74,839
Cash and cash equivalents - end of year	\$ 127,571	\$ 188,897

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Horizon Housing Development Company (the Organization) is a non-profit corporation, incorporated in the state of Missouri on June 11, 2003. The Organization is dedicated to providing housing for the benefit of the developmentally disabled and/or handicapped persons in the City of Saint Louis, Missouri.

Basis of Accounting

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

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization presently has no net assets with donor restrictions.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

Property and Equipment and Depreciation

The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation expense charged against income amounted to \$101,414 in fiscal 2019 and \$96,139 in fiscal 2018.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Receivables

Receivables are recorded at their gross amount. No allowance has been established as all current receivables are considered collectible by management.

Use of Estimates in the Financial Statements

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 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.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Organization adopted the provisions of *Accounting for Uncertainty in Income Taxes* on July 1, 2010. The adoption of this guidance resulted in no change to the financial statements for prior periods. As of June 30, 2019, no amounts have been recognized for uncertain tax positions. Any returns that the Organization would have prepared for tax years 2015 or earlier are now closed.

Note 2 – CONCENTRATION AND ECONOMIC DEPENDENCY

During fiscal year 2019, nearly 52% percent of the Organization’s revenue was received from the St. Louis Office for Developmental Disability Resources. If a significant reduction in funding from the St. Louis Office for Developmental Disability Resources were to occur, it could have a substantial effect on the Organization.

Note 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at June 30, 2019:

Financial assets at fiscal year end:	
Cash and cash equivalents	\$ 127,571
Grants and accounts receivable	28,194
Total financial assets	155,765
Less amounts not available to be used within one year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	-
Total amounts not available to be used within one year	-
Financial assets available to meet general expenditures over the next twelve months	\$ 155,765

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

Note 4 - PROPERTY AND EQUIPMENT

The following components comprise property and equipment as of December 31, 2019 and 2018:

	2019	2018
Buildings and building improvements	\$ 2,230,214	\$ 2,146,080
Furniture and equipment	100,251	98,971
Vehicle	15,625	15,625
Total depreciable assets	<u>2,346,090</u>	<u>2,260,676</u>
Less: accumulated depreciation	<u>(1,033,144)</u>	<u>(931,730)</u>
Depreciable assets, net	<u>1,312,946</u>	<u>1,328,946</u>
Land	<u>142,693</u>	<u>142,693</u>
Property and equipment, net	<u><u>\$ 1,455,639</u></u>	<u><u>\$ 1,471,693</u></u>

Note 5 - NOTES PAYABLE

On May 3, 2018, the Organization signed a loan agreement with the City of St. Louis Mental Health Board of Trustees. The loan does not accrue interest and calls for annual payments of \$16,700 beginning on May 2, 2019. The loan matures May 2, 2028 and had a balance of \$150,300 as of June 30, 2019. If the organization meets the annual requirements of the Mental Health Board, the annual principal payments will be forgiven.

Future maturities of long term debt:

For the years ending June 30,	2020	\$ 16,700
	2021	16,700
	2022	16,700
	2023	16,700
	2024	16,700
	2025-2028	<u>66,800</u>
	Total	<u><u>\$ 150,300</u></u>

Note 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2019, the date the financial statements were available to be issued, and noted no reportable events.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

Note 7 - ACCRUED VACATION PAY

Employees of the Organization are entitled to paid vacation, depending on length of service and job classification. Vacation accrued during each year of employment must be used by each employee's anniversary date. Vacation pay is payable upon termination. The accrued vacation pay balances as of June 30, 2019 and June 30, 2018 were \$7,921 and \$8,947, respectively.

Note 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

Note 9 - CONTINGENT LIABILITY

The Organization has signed promissory notes with the St. Louis Office for Developmental Disability Resources for acquisitions of land and buildings that could be payable to them only in the event that, without written approval from them, the Organization encumbers, sells, trades or otherwise disposes of or in any way alters ownership of said property. No such repayments are anticipated, but the contingent liability could be approximately \$1,300,000.