

Homesharing, Inc.

Financial Statements

December 31, 2018 and 2017



Independent Auditors' Report

Board of Directors Homesharing, Inc.

We have audited the accompanying financial statements of Homesharing, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 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.

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 audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homesharing, Inc. as of December 31, 2018 and 2017, and the change 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018 Homesharing, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

October 30, 2019

Homesharing, Inc.

Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 119,119	\$ 132,372
Grants receivable	-	11,006
Pledge receivable	-	2,500
Security deposit	<u>523</u>	<u>523</u>
Total Current Assets	119,642	146,401
Property, plant and equipment, net	<u>456</u>	<u>2,520</u>
	<u>\$ 120,098</u>	<u>\$ 148,921</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 12,877	\$ 15,050
Net Assets		
Without donor restrictions	107,221	131,371
With donor restrictions	<u>-</u>	<u>2,500</u>
	<u>\$ 120,098</u>	<u>\$ 148,921</u>

See notes to financial statements

Homesharing, Inc.

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE & PUBLIC SUPPORT						
United Way allocations	\$ 2,552	\$ -	\$ 2,552	\$ 7,567	\$ -	\$ 7,567
Local government grants - HUD funds	5,200	-	5,200	5,375	-	5,375
Government grants and contracts	28,276	-	28,276	35,926	-	35,926
Contributions - community groups	2,230	-	2,230	2,301	-	2,301
Contributions - foundations	66,250	-	66,250	148,927	-	148,927
Contributions - corporations	10,025	-	10,025	20,000	-	20,000
Contributions - trustees	16,134	-	16,134	6,111	2,500	8,611
Contributions - other	17,772	-	17,772	14,448	-	14,448
Fundraising events, net of direct donor expenses of \$23,662 and \$23,447	59,879	-	59,879	49,601	-	49,601
Client donations	230	-	230	220	-	220
Interest income	85	-	85	80	-	80
Release of restrictions	2,500	(2,500)	-	-	-	-
Total Public Support	211,133	(2,500)	208,633	290,556	2,500	293,056
EXPENSES						
Program services	180,201	-	180,201	223,713	-	223,713
Supporting Services						
Management and general	46,550	-	46,550	43,613	-	43,613
Fundraising	8,532	-	8,532	10,640	-	10,640
Total Expenses	235,283	-	235,283	277,966	-	277,966
Change in Net Assets	(24,150)	(2,500)	(26,650)	12,590	2,500	15,090
NET ASSETS						
Beginning of year	131,371	2,500	133,871	118,781	-	118,781
End of year	\$ 107,221	\$ -	\$107,221	\$ 131,371	\$ 2,500	\$133,871

See notes to financial statements

Homesharing, Inc.

Statements of Functional Expenses

	Year Ended December 31, 2018					Year Ended December 31, 2017				
	Supporting Services				Total Expenses	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services		Program Services	Management and General	Fundraising	Total Supporting Services	
Director salary	\$ 64,025	\$ 12,004	\$ 4,002	\$ 16,006	\$ 80,031	\$ 65,029	\$ 12,193	\$ 4,064	\$ 16,257	\$ 81,286
Staff salaries	65,492	-	3,447	3,447	68,939	96,491	-	5,078	5,078	101,569
Employee benefit	6,450	1,210	403	1,613	8,063	11,072	2,076	692	2,768	13,840
Payroll taxes	10,879	2,040	680	2,720	13,599	12,898	2,419	806	3,225	16,123
Total Salaries and Related Expenses	146,846	15,254	8,532	23,786	170,632	185,490	16,688	10,640	27,328	212,818
Rent and utilities	16,045	4,011	-	4,011	20,056	15,869	3,967	-	3,967	19,836
Insurance	3,987	1,329	-	1,329	5,316	4,559	1,519	-	1,519	6,078
Telephone	4,656	822	-	822	5,478	3,845	678	-	678	4,523
Office supplies	2,687	895	-	895	3,582	4,103	1,368	-	1,368	5,471
Computer	3,867	1,289	-	1,289	5,156	5,461	1,820	-	1,820	7,281
Fees	98	32	-	32	130	77	26	-	26	103
Professional fees	-	15,839	-	15,839	15,839	-	12,113	-	12,113	12,113
Travel	-	-	-	-	-	2,108	234	-	234	2,342
Postage	2,015	671	-	671	2,686	2,201	734	-	734	2,935
Bank charges	-	4,344	-	4,344	4,344	-	1,627	-	1,627	1,627
Dues and subscriptions	-	-	-	-	-	-	100	-	100	100
Depreciation and amortization	-	2,064	-	2,064	2,064	-	2,739	-	2,739	2,739
Total Expenses	\$ 180,201	\$ 46,550	\$ 8,532	\$ 55,082	\$ 235,283	\$ 223,713	\$ 43,613	\$ 10,640	\$ 54,253	\$ 277,966

Homesharing, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (26,650)	\$ 15,090
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,064	2,739
Changes in operating assets and liabilities		
Grants receivable	11,006	(1,906)
Pledge receivable	2,500	(2,500)
Accounts payable and accrued expenses	<u>(2,173)</u>	<u>349</u>
Net Cash from Operating Activities	(13,253)	13,772
CASH		
Beginning of year	<u>132,372</u>	<u>118,600</u>
End of year	<u>\$ 119,119</u>	<u>\$ 132,372</u>

See notes to financial statements

Homesharing, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Organizational Status

Homesharing, Inc. (the "Organization") is a not-for-profit organization incorporated in the State of New Jersey on April 24, 1981. Homesharing, Inc. provides services to people who want or need to share their homes for economic, service, or companionship reasons, or who need help finding affordable housing. Homesharing's goal is to match home providers with home seekers in such a way that the needs of both are met.

As a nonprofit organization, Homesharing, Inc. is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

On January 1, 2018, the Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for temporarily restricted and permanently restricted net assets were combined as net assets with donor restrictions.

Net Asset Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Without donor restrictions* – net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.
- *With donor restrictions* – net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time or net assets to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or donor-specified purposes.

Homesharing, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation (continued)

The Organization had net assets with donor restrictions as of \$0 and \$2,500 as of December 31, 2018 and 2017.

Pledge Receivable

Pledge receivables are recognized as receivables and as revenues in the period in which the Organization is notified by the donor of his or her commitment to make a contribution that is unconditional.

All pledge receivables as of December 31, 2018 and 2017 are expected to be collected within one year. Accordingly, no discount has been applied.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. Management has determined that no allowance for uncollectible accounts is necessary at December 31, 2018 and 2017.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or, if acquired by gift, at the fair value at the date of the gift. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets which range from 5 years.

Revenue Recognition

Revenue is derived principally from grants from government agencies, corporations, and foundations supporting the programs and services of the Organization. Grants are treated as exchange contracts and, accordingly, are reported as unrestricted revenue when the expenses related to the grants are incurred in accordance with contractual terms.

Functional Allocation of Expenses

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

Homesharing, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

In-kind Contributions

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to income tax examinations by the applicable taxing jurisdictions for periods prior to the year 2015.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 30, 2019.

3. Liquidity and Availability

The Organization monitors the availability of resources to meet its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission related activities, as well as services undertaken to support these activities, to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2018:

Cash and cash equivalents	<u>\$ 119,119</u>
Financial Assets Available to Meet General Expenditures Within the Year	<u>\$ 119,119</u>

Homesharing, Inc.

Notes to Financial Statements
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4. Grants Receivable

Grants receivable consist of funds that have been appropriated or earned but not received by the Organization at December 31, 2018 and 2017, as follows:

	<u>2018</u>	<u>2017</u>
County of Somerset	\$ -	\$ 4,056
County of Middlesex	-	4,450
United Way of Hunterdon County	-	<u>2,500</u>
Total	<u>\$ -</u>	<u>\$ 11,006</u>

5. Property, Plant and Equipment

Property, plant and equipment and its depreciable lives as of December 31, consisted of the following:

	<u>2018</u>	<u>2017</u>	<u>Useful Life</u>
Leasehold improvements	\$ 30,903	\$ 30,903	5 years
Equipment and furniture	11,220	11,220	5 years
Website	<u>2,475</u>	<u>2,475</u>	5 years
	44,598	44,598	
Accumulated depreciation and amortization	<u>(44,142)</u>	<u>(42,078)</u>	
	<u>\$ 456</u>	<u>\$ 2,520</u>	

6. Lease Commitment

Beginning July 1, 2012, the Organization was obligated under a lease with a term of 5 years. This lease expired on June 30, 2017 and was renewed for an additional 5-year term with monthly payments of \$1,624. Rental expense for the years ending December 31, 2018 and 2017 was \$19,488 and \$19,392.

Homesharing, Inc.

Notes to Financial Statements
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6. Lease Commitment (continued)

Future lease payments are payable as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 19,488
2020	19,488
2021	19,488
2022	<u>9,744</u>
	<u>\$ 68,208</u>

7. Pension Plan

The Organization allows employees to purchase tax-deferred annuities under Internal Revenue Code Section 403(b) through salary reductions. There are no contributions by the Organization to the annuities.

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