

Shelter Association of Washtenaw County

Financial Report

June 30, 2007

Shelter Association of Washtenaw County

Contents

Report Letter	1
Financial Statements	
Balance Sheet	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10



Plante & Moran, PLLC

Suite 1A

111 E. Court St.

Flint, MI 48502

Tel: 810.767.5350

Fax: 810.767.8150

plantemoran.com

Independent Auditor's Report

To the Board of Directors
Shelter Association of Washtenaw County

We have audited the accompanying balance sheet of Shelter Association of Washtenaw County as of June 30, 2007 and 2006 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Shelter Association's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Association of Washtenaw County at June 30, 2007 and 2006 and the changes in its net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

September 12, 2007

Shelter Association of Washtenaw County

Balance Sheet

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 164,232	\$ 177,402
Receivables:		
Other	89,788	28,976
United Way allocation	56,361	56,361
Contributions receivable	8,000	-
Investments (Note 2)	1,390,893	978,160
Prepaid expenses	28,592	27,718
	<hr/>	<hr/>
Total current assets	1,737,866	1,268,617
Long-term Contributions Receivable	5,000	-
	<hr/>	<hr/>
Total assets	<u>\$ 1,742,866</u>	<u>\$ 1,268,617</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 10,123	\$ 9,761
Refundable advance	43,509	44,337
Accrued liabilities	77,087	74,363
	<hr/>	<hr/>
Total liabilities	130,719	128,461
Net Assets		
Unrestricted:		
Undesignated	304,286	232,295
Board designated	250,000	250,000
Temporarily restricted	56,361	56,361
Permanently restricted	1,001,500	601,500
	<hr/>	<hr/>
Total net assets	1,612,147	1,140,156
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,742,866</u>	<u>\$ 1,268,617</u>

Shelter Association of Washtenaw County

Statement of Activities and Changes in Net Assets

	Year Ended							
	June 30, 2007			June 30, 2006				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support								
Contributions	\$ 375,222	\$ -	\$ 400,000	\$ 775,222	\$ 334,083	\$ -	\$ 96,500	\$ 430,583
In-kind donations	49,435	-	-	49,435	-	-	-	-
Grants (Note 3)	1,256,918	-	-	1,256,918	1,292,765	-	-	1,292,765
United Way allocation	-	56,361	-	56,361	-	56,361	-	56,361
Special event revenue (Note 4):								
Gross revenue	238,653	-	-	238,653	85,051	-	-	85,051
Direct benefit to donor costs	(53,525)	-	-	(53,525)	(19,855)	-	-	(19,855)
Investment income	58,589	-	-	58,589	17,296	-	-	17,296
Miscellaneous income	62,910	-	-	62,910	60,216	-	-	60,216
Total revenue and support	1,988,202	56,361	400,000	2,444,563	1,769,556	56,361	96,500	1,922,417
Net Assets Released From Restrictions	56,361	(56,361)	-	-	56,361	(56,361)	-	-
Total revenue, support, and net assets released from restrictions	2,044,563	-	400,000	2,444,563	1,825,917	-	96,500	1,922,417
Expenses								
Program services	1,526,784	-	-	1,526,784	1,436,130	-	-	1,436,130
Support services:								
Management and general	271,785	-	-	271,785	280,222	-	-	280,222
Fund-raising	174,003	-	-	174,003	132,625	-	-	132,625
Total expenses	1,972,572	-	-	1,972,572	1,848,977	-	-	1,848,977
Increase (Decrease) in Net Assets	71,991	-	400,000	471,991	(23,060)	-	96,500	73,440
Net Assets - Beginning of year - As restated	482,295	56,361	601,500	1,140,156	505,355	56,361	505,000	1,066,716
Net Assets - End of year	\$ 554,286	\$ 56,361	\$ 1,001,500	\$ 1,612,147	\$ 482,295	\$ 56,361	\$ 601,500	\$ 1,140,156

Shelter Association of Washtenaw County

Statement of Functional Expenses

Year Ended June 30, 2007

Program Services	Support Services			Total Support Services	Total
	Management and General	Fund-raising			
Salaries and wages	\$ 836,261	\$ 184,037	\$ 119,882	\$ 303,919	\$ 1,140,180
Employee benefits	80,084	24,009	6,417	30,426	110,510
Payroll taxes	81,050	17,363	7,620	24,983	106,033
Total payroll expenses	997,395	225,409	133,919	359,328	1,356,723
Conferences and meetings	908	1,634	1,996	3,630	4,538
Contracted services	56,125	1,736	-	1,736	57,861
Equipment repair and maintenance	428	482	-	482	910
Insurance	22,821	12,439	-	12,439	35,260
Occupancy - Repair and maintenance	770	-	-	-	770
Occupancy - Utilities	64,286	5,182	-	5,182	69,468
Postage and shipping	520	866	7,277	8,143	8,663
Printing and publications	-	1,803	16,230	18,033	18,033
Professional fees	-	8,000	-	8,000	8,000
Specific assistance to individuals	254,746	-	-	-	254,746
Supplies	111,138	6,781	5,608	12,389	123,527
Telephone	7,018	877	878	1,755	8,773
Travel	3,547	1,894	187	2,081	5,628
Other	7,082	4,682	7,908	12,590	19,672
Special events - Direct expenses	-	-	53,525	53,525	53,525
Total functional expenses	\$ 1,526,784	\$ 271,785	\$ 227,528	\$ 499,313	\$ 2,026,097

Year Ended June 30, 2006

Program Services	Support Services			Total Support Services	Total
	Management and General	Fund-raising			
Salaries and wages	\$ 829,988	\$ 200,633	\$ 83,024	\$ 283,657	\$ 1,113,645
Employee benefits	78,360	23,149	6,247	29,396	107,756
Payroll taxes	79,804	17,020	7,467	24,487	104,291
Total payroll expenses	988,152	240,802	96,738	337,540	1,325,692
Conferences and meetings	377	678	829	1,507	1,884
Contracted services	55,180	1,707	-	1,707	56,887
Equipment repairs and maintenance	474	387	-	387	861
Insurance	22,678	13,102	-	13,102	35,780
Occupancy - Repairs and maintenance	3,057	-	-	-	3,057
Occupancy - Utilities	57,995	5,113	-	5,113	63,108
Postage and shipping	509	848	7,124	7,972	8,481
Printing and publications	-	1,922	17,302	19,224	19,224
Professional fees	-	6,900	-	6,900	6,900
Specific assistance to individuals	220,512	-	-	-	220,512
Supplies	69,120	3,755	3,105	6,860	75,980
Telephone	8,125	844	1,583	2,427	10,552
Travel	2,900	1,001	153	1,154	4,054
Other	7,051	3,163	5,791	8,954	16,005
Special events - Direct expenses	-	-	19,855	19,855	19,855
Total functional expenses	\$ 1,436,130	\$ 280,222	\$ 152,480	\$ 432,702	\$ 1,868,832

Shelter Association of Washtenaw County

Statement of Cash Flows

	Year Ended	
	June 30, 2007	June 30, 2006
Cash Flows from Operating Activities		
Increase in net assets	\$ 471,991	\$ 73,440
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Realized and unrealized gains on investments	(41,315)	(11,164)
Contributions restricted for endowment	(400,000)	(96,500)
Contributions restricted for long-term use	(13,000)	-
Changes in operating assets and liabilities which (used) provided cash:		
Receivables	(60,812)	(8,631)
Prepaid expenses	(874)	(5,675)
Accounts payable	362	(1,398)
Accrued liabilities	2,724	7,309
Refundable advance	(828)	8,466
Net cash used in operating activities	(41,752)	(34,153)
Cash Flows from Investing Activities		
Purchases of investments	1,171,425	(1,171,235)
Proceeds from sales and maturities of investments	(1,542,843)	634,279
Net cash used in investing activities	(371,418)	(536,956)
Cash Flows from Financing Activities		
Contributions restricted for endowment	400,000	296,500
Collection of amount due from Washtenaw Housing Alliance	-	305,000
Net cash provided by financing activities	400,000	601,500
Net (Decrease) Increase in Cash and Cash Equivalents	(13,170)	30,391
Cash and Cash Equivalents - Beginning of year	177,402	147,011
Cash and Cash Equivalents - End of year	<u>\$ 164,232</u>	<u>\$ 177,402</u>

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2007 and 2006

Note I - Nature of Business and Significant Accounting Policies

Nature of Organization - Shelter Association of Washtenaw County (the "Shelter Association") is a Michigan nonprofit organization, based in Ann Arbor, Michigan, offering a variety of services and intensive case management to individuals who are experiencing homelessness. Services include immediate needs related to food, clothing, and transportation. Extended assistance related to substance abuse treatment, health care, permanent housing, and money management may also be provided. The Shelter Association also participates in the Shelter Plus Care program, which is aimed at moving clients from overnight shelters to a subsidized apartment or similar setting. Sources of revenues are grants and contributions.

Significant accounting policies are as follows:

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting.

Cash Equivalents - The Shelter Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents except for temporary investment funds considered to be part of the investment portfolio.

Accounts Receivable - The Shelter Association uses the allowance method for accounting for doubtful accounts. Management regularly reviews the collection history of its receivables balances with particular attention given to those amounts greater than 90 days old. Based on management's review, an allowance of \$0 has been established as of June 30, 2007 and 2006.

Investments - The Shelter Association follows Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Accordingly, investments with marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the balance sheet.

Classification of Net Assets - Net assets of the Shelter Association are reported in the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed purpose or time restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2007 and 2006

Note I - Nature of Business and Significant Accounting Policies (Continued)

Unrestricted Net Assets - This portion of the Shelter Association's net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenue earned from unrestricted contributions, investment income available for general operations, and all operating expenses are reported in this category. As of June 30, 2006, the board has designated \$250,000 of net assets to be held for emergency property purchases.

Temporarily Restricted Net Assets - This portion of the Shelter Association's net assets is limited to uses specified by donor-imposed restrictions or time restrictions. When donor or time restrictions expire or the nature and purpose of the restriction are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Temporarily restricted net assets of \$56,361 at June 30, 2007 and 2006 are restricted for use in future periods.

Permanently Restricted Net Assets - This portion of the Shelter Association's net assets is required by donor-imposed restrictions to be held in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable law.

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Donated Services and Assets - The Shelter Association records the value of donated goods as contributions using estimated fair values at the date of receipt. The Shelter Association recognized donated supplies of \$49,435 for the year ended June 30, 2007. Donated supplies were not recognized for the year ended June 30, 2006.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. While a significant amount of volunteered services was received, the Shelter Association did not receive any donated services for the years ended June 30, 2007 and 2006 that met the criteria to be recorded.

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2007 and 2006

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Federal Income Taxes - The Shelter Association is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has classified the Shelter Association as other than a private foundation.

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 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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Note 2 - Investments

Investments held at June 30, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Money market funds	\$ 343,212	\$ 48,062
Certificates of deposits	<u>1,047,681</u>	<u>930,098</u>
Total	<u>\$ 1,390,893</u>	<u>\$ 978,160</u>

Note 3 - Grants

The following represents details of grant revenue for the fiscal years ended June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Washtenaw County - PATH	\$ 71,389	\$ 60,114
Washtenaw County - Emergency	195,000	125,000
Washtenaw County - Health Plan	100,000	92,362
Salvation Army	88,428	87,600
Michigan State Housing and Development Authority (MSHDA) ESG, ESF	52,377	54,766
National Emergency Food and Shelter	18,136	14,446
Washtenaw County Shelter Plus Care flow through	263,595	227,690
City Human Services	240,000	190,000
Michigan Department of Human Services	42,140	34,654
Michigan Department of Community Health	5,953	-
Foundations	131,900	156,133
Washtenaw Housing Alliance	<u>48,000</u>	<u>250,000</u>
Total	<u>\$ 1,256,918</u>	<u>\$ 1,292,765</u>

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2007 and 2006

Note 4 - Special Fund-raising Events

The Shelter Association hosts events during the year to raise funds for program services. The Who's Who event is held during the winter of each year and a golf outing is held in May of each year in Washtenaw County. The Dunbar Honorarium is a new event which was held in September 2006. Funds raised by events are used to fund programs for all service areas.

A summary of fund-raising activities during the year ended June 30, 2007 is as follows:

	Dunbar Honorarium	Who's Who	Golf Outing	Total Events
Total contributed revenue	\$ 165,970	\$ 49,520	\$ 23,163	\$ 238,653
Direct expenses	<u>(32,478)</u>	<u>(9,932)</u>	<u>(11,115)</u>	<u>(53,525)</u>
Net revenue from events	<u>\$ 133,492</u>	<u>\$ 39,588</u>	<u>\$ 12,048</u>	<u>\$ 185,128</u>

A summary of fund-raising activities during the year ended June 30, 2006 is as follows:

	Who's Who	Golf Outing	Total Events
Total contributed revenue	\$ 56,726	\$ 28,325	\$ 85,051
Direct expenses	<u>(8,376)</u>	<u>(11,479)</u>	<u>(19,855)</u>
Net revenue from events	<u>\$ 48,350</u>	<u>\$ 16,846</u>	<u>\$ 65,196</u>

Note 5 - Operating Agreement - New Downtown Shelter (Robert J. Delonis Center)

On December 1, 2003, the Shelter Association entered into a sub-agreement with the Washtenaw Housing Alliance (a not-for-profit organization and lead agency designated by Washtenaw County) to operate the new downtown shelter located at 312 W. Huron Street through July 31, 2017. The Shelter Association is also responsible for providing integrated, comprehensive services to the homeless. Washtenaw County is the owner of the facility (including furniture, fixtures, and equipment) and bears responsibility for maintenance and repairs. Washtenaw County does not charge rent, but does require the Shelter Association to pay the utilities. The Shelter Association finances operations through various government and local grants and contributions.

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2007 and 2006

Note 6 - Contingencies

The Shelter Association participates in several federally assisted grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. The Shelter Association received less than \$500,000 in federal grants during the years ended June 30, 2007 and 2006; therefore, an OMB Circular A-133 single audit was not required. Management feels that any liability for reimbursement which could arise as the result of a grantor audit would not be material.