

Audited Financial Statements
and Other Supplementary Information

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

*Years Ended June 30, 2020 and 2019
with Report of Independent Auditors*

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Audited Financial Statements
and Other Supplementary Information

Years Ended June 30, 2020 and 2019

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Report of Independent Auditors

Board of Directors
Home Repair Services of Kent County, Inc.
Grand Rapids, Michigan

We have audited the accompanying financial statements of Home Repair Services of Kent County, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 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, 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 Home Repair Services of Kent County, Inc. as of June 30, 2020 and 2019, 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.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
November 4, 2020

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statements of Financial Position

	June 30	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 525,137	\$ 230,959
Cash and cash equivalents held in investments	68,335	21,375
Receivables:		
Short-term pledges receivable	-	127,300
Trade	97,619	124,453
Grants	159,787	133,902
Spendable balance – agency endowment	50,629	42,194
Inventory:		
Work-in-process	123,825	141,441
Material	5,407	3,981
Remodeling Together material	5,420	11,652
Prepaid expenses	41,191	42,586
Total current assets	1,077,350	879,843
Long-term investments, at market value	501,508	566,904
Property and equipment	2,867,575	2,771,894
Accumulated depreciation	(1,893,864)	(1,812,175)
Net property and equipment	973,711	959,719
Other assets:		
Beneficial interest in assets held by Community Foundation	155,445	173,237
Total assets	\$ 2,708,014	\$ 2,579,703
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 135,782	\$ 80,662
Unearned agency income	37,213	28,309
Other accrued expenses	138,125	114,680
Refundable advance	84,626	-
Total current liabilities	395,746	223,651
Net assets:		
Without donor restrictions	1,873,965	1,971,253
With donor restrictions	438,303	384,799
Total net assets	2,312,268	2,356,052
Total liabilities and net assets	\$ 2,708,014	\$ 2,579,703

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenue			
HUD Community Development Block Grant	\$ 603,337	\$ -	\$ 603,337
Contracts	819,118	-	819,118
Contributions	385,854	48,746	434,600
Utility rebates	127,135	-	127,135
Paycheck Protection Program grant	122,574	-	122,574
Donated goods and services	101,600	-	101,600
Remodeling Together sales	93,336	-	93,336
Client copays, net of \$31,089 returned to local municipalities	95,301	-	95,301
Other grants	25,101	265,000	290,101
Investment return, net	(18,384)	-	(18,384)
Other income	27,046	-	27,046
Transfers from agency endowment	8,435	-	8,435
Lease revenue	41,835	-	41,835
Change in beneficial interest	-	(17,792)	(17,792)
Net assets released from restrictions	242,450	(242,450)	-
Total support and other revenue	<u>2,674,738</u>	<u>53,504</u>	<u>2,728,242</u>
Expenses			
Program services	2,093,788	-	2,093,788
Support services:			
Management and general	447,432	-	447,432
Fundraising	230,806	-	230,806
Total support services	<u>678,238</u>	<u>-</u>	<u>678,238</u>
Total expenses	<u>2,772,026</u>	<u>-</u>	<u>2,772,026</u>
Change in net assets	(97,288)	53,504	(43,784)
Net assets – beginning of year	1,971,253	384,799	2,356,052
Net assets – end of year	<u>\$ 1,873,965</u>	<u>\$ 438,303</u>	<u>\$ 2,312,268</u>

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenue			
HUD Community Development Block Grant	\$ 710,407	\$ -	\$ 710,407
Contracts	708,305	-	708,305
Contributions	386,471	33,300	419,771
Utility rebates	63,925	-	63,925
Donated goods and services	117,077	-	117,077
Remodeling Together sales	85,958	-	85,958
Client copays, net of \$60,348 returned to local municipalities	101,700	-	101,700
Other grants	23,247	400,000	423,247
Investment return, net	48,270	-	48,270
Other income	29,410	-	29,410
Transfers from agency endowment	8,442	-	8,442
Lease revenue	40,940	-	40,940
Change in beneficial interest	-	(3,868)	(3,868)
Net assets released from restrictions	319,518	(319,518)	-
Total support and other revenue	2,643,670	109,914	2,753,584
Expenses			
Program services	2,196,359	-	2,196,359
Support services:			
Management and general	398,200	-	398,200
Fundraising	215,539	-	215,539
Total support services	613,739	-	613,739
Total expenses	2,810,098	-	2,810,098
Change in net assets	(166,428)	109,914	(56,514)
Net assets – beginning of year	2,137,681	274,885	2,412,566
Net assets – end of year	\$ 1,971,253	\$ 384,799	\$ 2,356,052

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services						Subtotal Program Services	Support Services		Total
	Repairs	Access Modifications	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution		Management and General	Fund- raising	
Personnel expenses	\$ 389,097	\$ 116,970	\$ 168,034	\$ 2,001	\$ 62,592	\$ 14,618	\$ 753,312	\$ 368,782	\$ 176,731	\$ 1,298,825
Materials, subcontractors, and supplies	822,261	72,938	119,857	-	4,629	30	1,019,715	-	-	1,019,715
Donated materials, subcontractors, and supplies	39,483	4,503	49,253	-	-	-	93,239	1,361	-	94,600
Vehicle, insurance, and other program expenses	47,824	13,241	11,658	2,868	8,283	115	83,989	-	-	83,989
Depreciation	18,691	5,875	25,677	-	2,272	1,058	53,573	28,116	-	81,689
Utilities	8,356	2,579	8,595	-	1,149	416	21,095	4,412	-	25,507
Administrative expenses	16,772	5,052	7,619	-	2,805	642	32,890	16,089	19,870	68,849
Repairs and maintenance	18,119	5,633	8,403	-	3,095	725	35,975	19,546	-	55,521
Special events	-	-	-	-	-	-	-	-	24,358	24,358
Other support services	-	-	-	-	-	-	-	9,126	9,847	18,973
Total expenses	\$ 1,360,603	\$ 226,791	\$ 399,096	\$ 4,869	\$ 84,825	\$ 17,604	\$ 2,093,788	\$ 447,432	\$ 230,806	\$ 2,772,026

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services						Subtotal Program Services	Support Services		Total
	Repairs	Access Modifications	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution		Management and General	Fund- raising	
Personnel expenses	\$ 405,092	\$ 130,964	\$ 173,744	\$ 2,414	\$ 46,558	\$ 31,100	\$ 789,872	\$ 327,461	\$ 151,382	\$ 1,268,715
Materials, subcontractors, and supplies	837,627	92,526	111,316	799	113	74	1,042,455	-	-	1,042,455
Donated materials, subcontractors, and supplies	45,108	6,767	59,541	-	1,440	-	112,856	4,221	-	117,077
Vehicle, insurance, and other program expenses	46,396	14,180	16,318	2,637	7,938	191	87,660	-	-	87,660
Depreciation	24,224	8,010	28,107	-	1,945	1,519	63,805	27,640	-	91,445
Utilities	8,685	2,857	9,129	-	751	566	21,988	4,613	-	26,601
Administrative expenses	19,429	6,107	8,729	-	2,335	1,524	38,124	15,487	20,849	74,460
Repairs and maintenance	19,983	6,513	9,050	-	2,442	1,611	39,599	8,237	-	47,836
Special events	-	-	-	-	-	-	-	-	36,788	36,788
Other support services	-	-	-	-	-	-	-	10,541	6,520	17,061
Total expenses	\$ 1,406,544	\$ 267,924	\$ 415,934	\$ 5,850	\$ 63,522	\$ 36,585	\$ 2,196,359	\$ 398,200	\$ 215,539	\$ 2,810,098

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statements of Cash Flows

	Year Ended June 30	
	2020	2019
Operating activities		
Change in net assets	\$ (43,784)	\$ (56,514)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	81,689	91,445
Change in beneficial interest in assets held by Community Foundation	17,792	3,868
Loss on sale of long-term investments	26,741	1,478
Unrealized loss (gain) on long-term investments	6,647	(33,010)
Change in assets and liabilities:		
Receivables	119,814	116,044
Inventory	22,422	(71,033)
Prepaid expenses	1,395	(164)
Accounts payable	55,120	(8,442)
Unearned agency income	8,904	8,592
Other accrued expenses	23,445	(3,654)
Refundable advance	84,626	-
Net cash from operating activities	404,811	48,610
Investing activities		
Purchases of property and equipment	(95,681)	-
Purchases of long-term investments	(79,864)	(23,116)
Proceeds from sale of long-term investments	111,872	13,903
Net cash from investing activities	(63,673)	(9,213)
Net change in cash and cash equivalents	341,138	39,397
Cash and cash equivalents – beginning of year	252,334	212,937
Cash and cash equivalents – end of year	\$ 593,472	\$ 252,334
Cash balances per Statement of Financial Position		
Cash and cash equivalents	\$ 525,137	\$ 230,959
Cash and cash equivalents held in investments	68,335	21,375
Cash and cash equivalents – end of year	\$ 593,472	\$ 252,334
Non-cash transactions:		
Donated goods and services	\$ 101,600	\$ 117,077

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization and Programs

Home Repair Services of Kent County, Inc. (Home Repair Services or Organization) was incorporated as a not-for-profit organization on June 28, 1979. The Organization defines its purpose in its mission statement: “Home Repair Services strengthens homeowners because strong homeowners build strong communities.”

Current programming is categorized into four major areas, including: Repairs, Access Modifications, Self-Help Programs, and Financial Coaching.

The largest source of ongoing funding is the Community Development Block Grant (CDBG), which is administered locally by the City of Grand Rapids, Michigan; the City of Wyoming, Michigan; and Kent County, Michigan. In addition, the Organization utilizes funds from a variety of sources including utility companies, service recipients, the State of Michigan Department of Health and Human Services, Kent County Senior Millage, other contracts, and contributions from organizations and individuals.

Method of Accounting

The records of the Organization are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation and Net Asset Classification

The financial statements of Home Repair Services have been prepared in accordance with U.S. 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 Home Repair Services’ management and the Board of Directors. The use of portions of the assets has been designated by the Board of Directors for specific purposes as shown in Note 8.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Financial Statement Presentation and Net Asset Classification (continued)

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 Home Repair Services or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity but permit the use of part or all of the income derived from the donated assets.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the entire 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. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The first \$250,000 of deposits at each institution is insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits, at times, may exceed the FDIC insured limits. It is the opinion of management that the Organization is subject to minimal risk. There were approximately \$203,700 of uninsured funds as of June 30, 2020 and \$11,900 as of June 30, 2019.

Cash and Cash Equivalents Held in Investments

The Organization holds cash and bank deposit sweep amounts in its long-term investment account. The bank deposit sweep consists of money market mutual funds.

Receivables

Receivables consist primarily of pledges receivable, trade receivables associated with program services performed, and grant receivables associated with expenses incurred but not yet reimbursed by the grantor. Receivables are stated at the outstanding principal balance, which management believes approximates net realizable value. Pledges receivable as of June 30, 2019 were collected within one year therefore, no allowance was deemed necessary.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or fair value. Maintenance, operating, and office supplies are not recorded as inventory. Work-in-process inventory related to the Repairs and Access Modifications programs includes materials, labor, and subcontractor costs.

Investments

Investments with amounts maturing within one year are classified as short-term investments. Long-term investments consist of corporate bond funds and equity securities. Such investments are carried at fair value, which is determined using published exchange market quotations where available.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or estimated fair value on the date received. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets, which generally range from 3 to 33 years.

Title to assets purchased using CDBG funds in excess of \$5,000 would revert back to the government provider should the Organization change its business entity, purpose, or become insolvent. As of June 30, 2020 and 2019, there were no individual assets in excess of \$5,000 purchased with grant funds.

Unearned Agency Income

The Organization records amounts received related to projects in-process as of year end as unearned income.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Donations of Long-Lived Assets

The Organization reports donations of land, buildings, and equipment as support without donor restrictions at their estimated fair value on the date received unless explicit donor stipulations specify how the donated assets must be used. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions at estimated fair value. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Goods and Services

The Organization receives donated services from a variety of unpaid volunteers assisting in program services. U.S. GAAP requires the fair value of donated services to be recognized in the financial statements if the services either (a) create or enhance a non-financial asset, or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Donated services meeting these criteria that were received by Home Repair Services are outlined below. Donated materials consist of building supplies and are valued at the estimated cost to the Repairs program, which approximates fair value. Amounts were as follows for the year ended June 30:

	<u>2020</u>	<u>2019</u>
Donated services expensed	\$ 64,986	\$ 89,803
Donated goods expensed	29,614	27,274
Total donated items expensed	<u>94,600</u>	117,077
Donated services capitalized	<u>7,000</u>	-
Total donated goods and services	<u>\$ 101,600</u>	<u>\$ 117,077</u>

Functional Expenses

The costs of providing 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 program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Functional Expenses (continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel expenses	Time and effort
Vehicle, insurance, and other program expenses	Mileage
Depreciation	Square footage
Utilities	Square footage
Administrative expenses	Time and effort
Repairs and maintenance	Square footage

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The application of valuation techniques applied to similar assets and liabilities was consistent throughout the years ended June 30, 2020 and 2019.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Since the Organization is exempt from federal income taxes, no provision for income taxes is included in the accompanying financial statements.

Generally, tax years from 2016 through the current year remain open to examination. The Organization does not believe that the results from any examination of these open years would have a material adverse effect on the Organization.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the financial statements through November 4, 2020, which is the date the financial statements were available to be issued.

2. Liquidity and Availability

Home Repair Services has a goal to maintain current financial assets on hand to meet 60 days of normal operating expenses, \$342,000 as of June 30, 2020 and \$410,000 as of June 30, 2019. The Organization has a policy to structure its current financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit available in the amount of \$25,000.

Home Repair Services of Kent County, Inc.
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Notes to Financial Statements

June 30, 2020

2. Liquidity and Availability (continued)

Financial assets available for general expenditure within one year of the date of the statement of financial position, that are without restrictions limiting their use, were as follows as of June 30:

	2020	2019
Financial assets as of year-end:		
Cash and cash equivalents	\$ 525,137	\$ 230,959
Cash and cash equivalents held in investments	68,335	21,375
Short-term pledges receivable	-	127,300
Trade receivables	97,619	124,453
Grants receivable	159,787	133,902
Spendable balance – agency endowment	50,629	42,194
Total financial assets	901,507	680,183
Restrictions limiting availability:		
Donor restricted pledges receivable	-	(127,300)
Financial assets available to meet general expenditures within one year	\$ 901,507	\$ 552,883

The receivables are subject to implied time restrictions but are expected to be collected within one year.

3. Investments

Long-term investments at fair value consisted of the following as of June 30:

	2020	2019
Equity securities	\$ 294,778	\$ 348,453
Corporate bonds	204,054	215,647
Accrued interest	2,676	2,804
Total long-term investments	\$ 501,508	\$ 566,904

Home Repair Services of Kent County, Inc.
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Notes to Financial Statements

June 30, 2020

3. Investments (continued)

Long-term investments and cash and cash equivalents held in investments are held at the same financial institution and comprise total assets available for investment purposes. These amounts consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Total long-term investments	\$ 501,508	\$ 566,904
Cash and cash equivalents held in investments	68,335	21,375
Assets available for investment purposes	<u>\$ 569,843</u>	<u>\$ 588,279</u>

4. Net Property and Equipment

Home Repair Services' property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Building	\$ 344,524	\$ 344,524
Building furnishings/improvements	2,051,951	2,008,150
Land	88,165	88,165
Office equipment	110,901	92,607
Vehicles	232,135	232,135
Operating equipment	39,899	6,313
Total property and equipment	<u>2,867,575</u>	<u>2,771,894</u>
Accumulated depreciation	<u>(1,893,864)</u>	<u>(1,812,175)</u>
Net property and equipment	<u>\$ 973,711</u>	<u>\$ 959,719</u>

5. Refundable Advance

Home Repair Services received Paycheck Protection Program (PPP) loan proceeds from Fifth Third Bank in the amount of \$207,200 on May 4, 2020. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for Small Business Administration (SBA) loans to qualifying businesses for amounts up to 2.5 times of their average monthly payroll expenses. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels.

Home Repair Services of Kent County, Inc.
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Notes to Financial Statements

June 30, 2020

5. Refundable Advance (continued)

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments until either the date the SBA remits the borrower's loan forgiveness amount to the lender or ten months after the end of the borrower's loan forgiveness covered period. Home Repair Services used the PPP funds to assist with maintaining staffing levels and funds were spent solely on payroll and related expenses. The loan funds were fully expended by August 8, 2020. Home Repair Services believes that its use of the loan proceeds will meet the conditions of forgiveness and were spent for eligible program purposes and, therefore, expects that these loan funds will be forgiven.

Based on the belief that the loan proceeds will be forgiven, Home Repair Services recorded \$122,574 of the proceeds as grant revenue in the statements of activities and the remaining balance of \$84,626 as a refundable advance in the statements of financial position, which is in accordance with current accounting standards. The refundable advance will be recognized in the next fiscal year as grant revenue when the qualifying expenses are incurred.

6. Line of Credit

The Organization has a \$25,000 line of credit available with interest calculated at 6% as of June 30, 2020 and 2019. Substantially all assets are pledged as security. There was no balance on the line as of June 30, 2020 or 2019.

7. Concentrations

As of June 30, 2020, 49% of the Organization's grants receivable relate to CDBG funding (100% for the year ended June 30, 2019). Pledges due from two donors account for 96% of total short-term pledges receivable as of June 30, 2019 (no concentration noted for the year ended June 30, 2020). Approximately 22% of the Organization's total support and other revenue related to CDBG funding for the year ended June 30, 2020 (26% for the year ended June 30, 2019).

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

8. Net Assets

Net assets consisted of the following as of June 30:

	2020	2019
Net assets without donor restrictions:		
Equity in property and equipment	\$ 973,711	\$ 959,719
Other net assets without donor restrictions	-	13,281
Board-designated funds:		
Program operations	23,466	21,297
Operating reserves	853,788	969,556
Capital/strategic projects	23,000	7,400
Total net assets without donor restrictions	\$ 1,873,965	\$ 1,971,253
Net assets with donor restrictions:		
Purpose restricted:		
Repair grants	\$ 181,103	\$ 86,112
Self-help programs	5,700	5,450
Foreclosure intervention	15,000	-
Campaign donations	81,055	120,000
Perpetual:		
Beneficial interest in assets held by Community Foundation	155,445	173,237
Total net assets with donor restrictions	\$ 438,303	\$ 384,799

9. Related Party Transactions

Home Repair Services had other income of approximately \$26,900 for the year ended June 30, 2020 (\$24,400 for the year ended June 30, 2019) and lease revenue of \$30,600 for the year ended June 30, 2020 (\$30,000 for the year ended June 30, 2019) from an agency where the Executive Director of Home Repair Services is a member of the agency's oversight board. Future minimum lease payments due from the related agency total \$31,200 due in fiscal year ending June 30, 2021.

Contributions for the year ended June 30, 2020 includes approximately \$11,000 from Home Repair Services' staff and members of the Board of Directors (none of which is included in pledges receivable as of June 30, 2020).

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

9. Related Party Transactions (continued)

Contributions for the year ended June 30, 2019 includes approximately \$27,000 from Home Repair Services' staff and members of the Board of Directors, of which approximately \$25,000 is included in pledges receivable as of June 30, 2019.

10. Retirement Plan

The Organization has established a qualified retirement plan under the provisions of Section 403(b) of the Internal Revenue Code. The plan provides for voluntary employee contributions of up to the maximum allowed by the Internal Revenue Code and a mandatory employer matching contribution of 50% of the employee contribution, up to 6% of compensation for eligible employees.

Eligible employees are part-time or full-time employees who have completed at least one year of service, working at least 1,000 hours per year.

The Organization's employer match is calculated on the calendar year and must be paid no later than January 31 for the prior calendar year. The Organization expensed approximately \$20,700 for the year ended June 30, 2020 and \$18,700 for the year ended June 30, 2019 to the retirement plan.

11. Beneficial Interest in Assets Held by Community Foundation

The Organization is the beneficiary of an agency endowment fund held by the Grand Rapids Community Foundation (Foundation). Under the fund agreement, the endowment fund is under control of the Foundation and the Organization is entitled to the fund's spendable income, as determined in accordance with the terms of the fund agreement, upon written request. The spendable income is to be used for the support of the charitable or educational purposes of the Organization.

An asset for the agency endowment fund has been established for the fair value of the underlying investment totaling \$206,074 as of June 30, 2020 and \$215,431 as of June 30, 2019 and is recorded in the Organization's statements of financial position, including a spendable balance of \$50,629 as of June 30, 2020 (\$42,194 as of June 30, 2019). On an annual basis, the asset is revalued based on changes in fair value. This revaluation, less the spendable portion to which the Organization is entitled, is recorded as a change in beneficial interest in the statement of activities. Annually, the Organization can request a distribution of the spendable income of the agency endowment fund. Also, the Organization has a donor endowment fund held by the Foundation and in accordance with U.S. GAAP, the Organization does not record the donor endowment fund, which is valued at \$112,095 as of June 30, 2020 and \$117,184 as of June 30, 2019, in its financial statements.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2020

12. Fair Value Measurements

Fair values of assets measured on a recurring basis were as follows as of June 30:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020				
Long-term investments	\$ 501,508	\$ 501,508	\$ -	\$ -
Beneficial interest in assets held by Community Foundation	\$ 206,074	\$ -	\$ -	\$ 206,074
2019				
Long-term investments	\$ 566,904	\$ 566,904	\$ -	\$ -
Beneficial interest in assets held by Community Foundation	\$ 215,431	\$ -	\$ -	\$ 215,431

Changes in Level 3 assets and liabilities measured at fair value on a recurring basis:

Balance, July 1, 2018	\$ 210,856
Total realized and unrealized gains	4,575
Balance, June 30, 2019	<u>215,431</u>
Total realized and unrealized losses	(9,357)
Balance, June 30, 2020	<u>\$ 206,074</u>

The beneficial interest in assets held by the Grand Rapids Community Foundation represents the Organization's share of an investment pool held and managed by the Foundation. This pool is comprised of various investments that are valued by the Foundation using Level 1, 2, and 3 inputs.

13. Risks and Uncertainties

The current Coronavirus pandemic has had an economic impact on the United States and the international community. While this has had a short-term impact on the Organization's business and financial activities, the long-term impact on the Organization's business and financial activities cannot be determined.

Report of Independent Auditors on Other Supplementary Information

Board of Directors
Home Repair Services of Kent County, Inc.
Grand Rapids, Michigan

We have audited the financial statements of Home Repair Services of Kent County, Inc. (a not-for-profit organization) as of and for the years ended June 30, 2020 and 2019, and our report thereon dated November 4, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
November 4, 2020

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2020

	Repairs						Access Modifications			
	Minor Repair				Major Repairs	Repair Consultation	Grand Rapids	Kent County	Wyoming	Extra
	Grand Rapids	Kent Co	Wyoming	Extra						
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ 344,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,918	\$ -	\$ -	\$ -
HUD Community Development										
Block Grant – Kent County	-	94,854	-	-	-	-	-	39,045	-	-
HUD Community Development										
Block Grant – City of Wyoming	-	-	48,318	-	-	-	-	-	32,442	-
Utility rebates	12,525	3,950	75	-	101,810	8,775	-	-	-	-
Contracts	-	400	-	136,548	390,646	102,546	1,155	100	-	139,029
Contributions	-	-	-	1,350	-	-	-	-	-	-
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Remodeling Together sales	-	-	-	-	-	-	-	-	-	-
Client copays	23,864	5,856	3,400	14,227	44,989	18,108	1,825	3,200	1,750	7,355
Program income returned to										
local municipalities	(23,864)	-	(3,400)	-	-	-	(1,825)	-	(2,000)	-
Other grants	-	-	-	-	-	-	-	-	-	-
Lease revenue	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Loss on investment sales	-	-	-	-	-	-	-	-	-	-
Unrealized loss on investments	-	-	-	-	-	-	-	-	-	-
Paycheck Protection Program grant	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Transfers from agency endowment	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	121,153	-	-	-	-	1,607
Total support and other revenue	357,285	105,060	48,393	152,125	658,598	129,429	45,073	42,345	32,192	147,991
Expenses:										
Program services:										
Personnel expenses	143,124	29,570	17,441	61,054	96,824	41,084	18,610	17,722	12,357	68,281
Materials, subcontractors, and supplies	110,398	54,599	20,088	56,451	514,935	65,790	10,167	12,449	7,493	42,829
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Vehicle	7,149	943	723	2,236	3,910	2,010	1,001	640	309	3,518
Insurance	8,427	1,521	960	3,271	5,366	2,362	1,066	941	600	3,996
Utilities	3,293	564	329	1,164	2,049	957	441	342	218	1,578
Administrative expenses	6,213	1,263	742	2,622	4,192	1,740	751	759	516	3,026
Repairs and maintenance	6,816	1,391	819	2,886	4,301	1,906	849	836	607	3,341
Other program services	1,897	127	75	979	4,053	1,815	76	77	52	965
Depreciation	7,534	1,269	738	2,225	4,665	2,260	1,095	787	476	3,517
Total program services	294,851	91,247	41,915	132,888	640,295	119,924	34,056	34,553	22,628	131,051
Support services:										
Personnel expenses	66,532	14,446	8,588	29,364	17,367	18,690	10,500	8,515	9,512	34,636
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Special events	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Total support services	66,532	14,446	8,588	29,364	17,367	18,690	10,500	8,515	9,512	34,636
Total expenses	361,383	105,693	50,503	162,252	657,662	138,614	44,556	43,068	32,140	165,687
Revenue over (under) expenses	\$ (4,098)	\$ (633)	\$ (2,110)	\$ (10,127)	\$ 936	\$ (9,185)	\$ 517	\$ (723)	\$ 52	\$ (17,696)

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2020

	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution	Donated Goods and Services	Services to Food Club	Leased Space	Agency Funds	Fund- raising	Total
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,678
HUD Community Development										
Block Grant – Kent County	-	-	-	-	-	-	-	-	-	133,899
HUD Community Development										
Block Grant – City of Wyoming	-	-	-	-	-	-	-	-	-	80,760
Utility rebates	-	-	-	-	-	-	-	-	-	127,135
Contracts	1,069	-	21,700	25,925	-	-	-	-	-	819,118
Contributions	94,475	300	2,350	-	-	-	-	-	287,379	385,854
Donated goods and services	-	-	-	-	101,600	-	-	-	-	101,600
Remodeling Together sales	93,336	-	-	-	-	-	-	-	-	93,336
Client copays	46	-	1,770	-	-	-	-	-	-	126,390
Program income returned to										
local municipalities	-	-	-	-	-	-	-	-	-	(31,089)
Other grants	-	-	25,101	-	-	-	-	-	-	25,101
Lease revenue	-	-	-	-	-	30,600	11,235	-	-	41,835
Investment income	-	-	-	-	-	-	-	15,004	-	15,004
Loss on investment sales	-	-	-	-	-	-	-	(26,741)	-	(26,741)
Unrealized loss on investments	-	-	-	-	-	-	-	(6,647)	-	(6,647)
Paycheck Protection Program grant	-	-	-	-	-	-	-	122,574	-	122,574
Other income	-	-	-	-	-	26,906	-	140	-	27,046
Transfers from agency endowment	-	-	-	-	-	-	-	-	8,435	8,435
Net assets released from restrictions	10,250	7,500	-	-	-	-	-	25,000	76,940	242,450
Total support and other revenue	199,176	7,800	50,921	25,925	101,600	57,506	11,235	129,330	372,754	2,674,738
Expenses:										
Program services:										
Personnel expenses	168,034	2,001	62,592	14,618	-	-	-	-	-	753,312
Materials, subcontractors, and supplies	119,857	-	4,629	30	-	-	-	-	-	1,019,715
Donated goods and services	-	-	-	-	93,239	-	-	-	-	93,239
Vehicle	2,401	2	425	33	-	-	-	-	-	25,300
Insurance	6,532	1	1,953	17	-	-	-	-	-	37,013
Utilities	8,595	-	1,149	416	-	-	-	-	-	21,095
Administrative expenses	7,619	-	2,805	642	-	-	-	-	-	32,890
Repairs and maintenance	8,403	-	3,095	725	-	-	-	-	-	35,975
Other program services	2,725	2,865	5,905	65	-	-	-	-	-	21,676
Depreciation	25,677	-	2,272	1,058	-	-	-	-	-	53,573
Total program services	349,843	4,869	84,825	17,604	93,239	-	-	-	-	2,093,788
Support services:										
Personnel expenses	87,053	-	32,116	9,075	-	22,388	-	-	176,731	545,513
Donated goods and services	-	-	-	-	1,361	-	-	-	-	1,361
Utilities	-	-	-	-	-	2,800	1,612	-	-	4,412
Administrative expenses	-	-	-	-	-	-	-	16,089	19,870	35,959
Repairs and maintenance	-	-	-	-	-	4,177	2,674	12,695	-	19,546
Depreciation	-	-	-	-	-	17,786	10,330	-	-	28,116
Special events	-	-	-	-	-	-	-	-	24,358	24,358
Other support services	-	-	-	-	-	-	-	9,126	9,847	18,973
Total support services	87,053	-	32,116	9,075	1,361	47,151	14,616	37,910	230,806	678,238
Total expenses	436,896	4,869	116,941	26,679	94,600	47,151	14,616	37,910	230,806	2,772,026
Revenue over (under) expenses	\$ (237,720)	\$ 2,931	\$ (66,020)	\$ (754)	\$ 7,000	\$ 10,355	\$ (3,381)	\$ 91,420	\$ 141,948	\$ (97,288)

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2019

	Repairs						Access Modifications			
	Minor Repair			Major Repairs	Repair Consultation	Grand Rapids	Kent County	Wyoming	Extra	
	Grand Rapids	Kent Co	Wyoming							Extra
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ 383,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,442	\$ -	\$ -	
HUD Community Development										
Block Grant – Kent County	-	136,083	-	-	-	-	-	42,360	-	
HUD Community Development										
Block Grant – City of Wyoming	-	-	69,886	-	-	-	-	-	26,217	
Utility rebates	1,200	7,250	1,950	-	44,225	9,300	-	-	-	
Contracts	-	-	-	76,008	277,800	141,519	500	300	138,061	
Contributions	-	-	-	-	-	-	-	-	2,300	
Donated goods and services	-	-	-	-	-	-	-	-	-	
Remodeling Together sales	-	-	-	-	-	-	-	-	-	
Client copays	31,952	15,371	4,210	10,350	60,011	21,659	4,790	2,900	1,125	
Program income returned to										
local municipalities	(31,952)	(15,371)	(4,210)	-	-	-	(4,790)	(2,900)	(1,125)	
Other grants	-	-	-	-	-	-	-	-	-	
Lease revenue	-	-	-	-	-	-	-	-	-	
Investment income	-	-	-	-	-	-	-	-	-	
Loss on investment sales	-	-	-	-	-	-	-	-	-	
Unrealized gain on investments	-	-	-	-	-	-	-	-	-	
Other income	-	-	-	-	-	-	-	-	-	
Transfers from agency endowment	-	-	-	-	-	-	-	-	-	
Net assets released from restrictions	-	-	-	-	271,941	-	-	-	-	
Total support and other revenue	384,619	143,333	71,836	86,358	653,977	172,478	52,942	42,660	26,217	
Expenses:										
Program services:										
Personnel expenses	166,529	28,593	23,745	43,589	89,553	53,083	24,296	18,379	11,099	
Materials, subcontractors, and supplies	107,530	92,939	33,100	42,386	486,638	75,034	14,195	11,864	8,546	
Donated goods and services	-	-	-	-	-	-	-	-	-	
Vehicle	8,789	1,871	946	4,515	2,620	2,509	891	756	566	
Insurance	7,689	1,404	1,029	2,609	3,700	2,254	1,034	791	506	
Utilities	3,590	709	443	1,482	1,451	1,010	434	349	235	
Administrative expenses	7,953	1,362	1,145	2,167	4,385	2,417	1,170	870	528	
Repairs and maintenance	8,287	1,437	1,196	2,207	4,287	2,569	1,261	912	543	
Other program services	646	111	93	891	3,346	1,374	95	71	43	
Depreciation	10,030	2,027	1,201	4,401	3,786	2,779	1,165	947	659	
Total program services	321,043	130,453	62,898	104,247	599,766	143,029	44,541	34,939	22,725	
Support services:										
Personnel expenses	64,522	12,562	9,448	13,090	12,481	23,607	12,515	7,583	3,844	
Donated goods and services	-	-	-	-	-	-	-	-	-	
Utilities	-	-	-	-	-	-	-	-	-	
Administrative expenses	-	-	-	-	-	-	-	-	-	
Repairs and maintenance	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	-	-	
Special events	-	-	-	-	-	-	-	-	-	
Other support services	-	-	-	-	-	-	-	-	-	
Total support services	64,522	12,562	9,448	13,090	12,481	23,607	12,515	7,583	3,844	
Total expenses	385,565	143,015	72,346	117,337	612,247	166,636	57,056	42,522	26,569	
Revenue over (under) expenses	\$ (946)	\$ 318	\$ (510)	\$ (30,979)	\$ 41,730	\$ 5,842	\$ (4,114)	\$ 138	\$ (352)	

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2019

	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution	Donated Goods and Services	Services to Food Club	Leased Space	Agency Funds	Fund- raising	Total
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,861
HUD Community Development										
Block Grant – Kent County	-	-	-	-	-	-	-	-	-	178,443
HUD Community Development										
Block Grant – City of Wyoming	-	-	-	-	-	-	-	-	-	96,103
Utility rebates	-	-	-	-	-	-	-	-	-	63,925
Contracts	1,848	-	20,850	51,419	-	-	-	-	-	708,305
Contributions	28,630	250	13,987	-	-	-	-	-	341,304	386,471
Donated goods and services	-	-	-	-	117,077	-	-	-	-	117,077
Remodeling Together sales	85,958	-	-	-	-	-	-	-	-	85,958
Client copays	1,060	-	-	-	-	-	-	-	-	162,048
Program income returned to										
local municipalities	-	-	-	-	-	-	-	-	-	(60,348)
Other grants	-	-	23,247	-	-	-	-	-	-	23,247
Lease revenue	-	-	-	-	-	30,000	10,940	-	-	40,940
Investment income	-	-	-	-	-	-	-	16,738	-	16,738
Loss on investment sales	-	-	-	-	-	-	-	(1,478)	-	(1,478)
Unrealized gain on investments	-	-	-	-	-	-	-	33,010	-	33,010
Other income	-	-	-	-	-	24,400	-	5,010	-	29,410
Transfers from agency endowment	-	-	-	-	-	-	-	-	8,442	8,442
Net assets released from restrictions	6,330	5,000	-	-	-	-	-	33,747	2,500	319,518
Total support and other revenue	123,826	5,250	58,084	51,419	117,077	54,400	10,940	87,027	352,246	2,643,670
Expenses:										
Program services:										
Personnel expenses	173,744	2,414	46,558	31,100	-	-	-	-	-	789,872
Materials, subcontractors, and supplies	111,316	799	113	74	-	-	-	-	-	1,042,455
Donated goods and services	-	-	-	-	112,856	-	-	-	-	112,856
Vehicle	6,006	3	265	44	-	-	-	-	-	34,854
Insurance	6,620	1	1,886	23	-	-	-	-	-	33,212
Utilities	9,129	-	751	566	-	-	-	-	-	21,988
Administrative expenses	8,729	-	2,335	1,524	-	-	-	-	-	38,124
Repairs and maintenance	9,050	-	2,442	1,611	-	-	-	-	-	39,599
Other program services	3,692	2,633	5,787	124	-	-	-	-	-	19,594
Depreciation	28,107	-	1,945	1,519	-	-	-	-	-	63,805
Total program services	356,393	5,850	62,082	36,585	112,856	-	-	-	-	2,196,359
Support services:										
Personnel expenses	67,079	-	19,575	13,950	-	29,466	-	-	151,382	478,843
Donated goods and services	-	-	-	-	4,221	-	-	-	-	4,221
Utilities	-	-	-	-	-	2,914	1,699	-	-	4,613
Administrative expenses	-	-	-	-	-	-	-	15,487	20,849	36,336
Repairs and maintenance	-	-	-	-	-	4,788	3,449	-	-	8,237
Depreciation	-	-	-	-	-	17,456	10,184	-	-	27,640
Special events	-	-	-	-	-	-	-	-	36,788	36,788
Other support services	-	-	-	-	-	-	-	10,541	6,520	17,061
Total support services	67,079	-	19,575	13,950	4,221	54,624	15,332	26,028	215,539	613,739
Total expenses	423,472	5,850	81,657	50,535	117,077	54,624	15,332	26,028	215,539	2,810,098
Revenue over (under) expenses	\$ (299,646)	\$ (600)	\$ (23,573)	\$ 884	\$ -	\$ (224)	\$ (4,392)	\$ 60,999	\$ 136,707	\$ (166,428)