

Audited Financial Statements

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

*Years Ended June 30, 2024 and 2023  
with Report of Independent Auditors*

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

Audited Financial Statements

Years Ended June 30, 2024 and 2023

**Contents**

Report of Independent Auditors.....	1
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	7
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10

## Report of Independent Auditors

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

### Report on the Audit of the Financial Statements

#### *Opinion*

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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, 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 (U.S. GAAP).

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Home Repair Services of Kent County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

### ***Responsibilities of Management for the Financial Statements***

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Home Repair Services of Kent County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Home Repair Services of Kent County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Home Repair Services of Kent County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2025 on our consideration of Home Repair Services of Kent County, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Home Repair Services of Kent County, Inc's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Repair Services of Kent County, Inc's internal control over financial reporting and compliance.

*Andrews Hooper Paulik PLC*

Grand Rapids, Michigan  
May 7, 2025

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

Statements of Financial Position

	<b>June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 162,525	\$ 305,266
Cash and cash equivalents held in investments	23,441	12,565
Accounts receivable	209,042	110,794
Grants receivable	365,308	460,768
Spendable balance – agency endowment	22,784	13,494
Inventory:		
Work-in-process	282,273	82,809
Material	8,528	5,169
Remodeling Together material	11,583	5,532
Prepaid expenses	91,821	42,650
Total current assets	1,177,305	1,039,047
Long-term investments, at market value	691,389	671,987
Property and equipment	3,180,644	3,048,544
Accumulated depreciation	(2,326,573)	(2,190,655)
Net property and equipment	854,071	857,889
Other assets:		
Beneficial interest in assets held by Community Foundation	185,089	172,311
Total assets	\$ 2,907,854	\$ 2,741,234
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 160,775	\$ 99,226
Unearned agency income	30,895	6,070
Other accrued expenses	184,312	163,903
Total current liabilities	375,982	269,199
Net assets:		
Without donor restrictions	1,576,321	1,858,872
With donor restrictions	955,551	613,163
Total net assets	2,531,872	2,472,035
Total liabilities and net assets	\$ 2,907,854	\$ 2,741,234

See accompanying notes.

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

Statement of Activities

Year Ended June 30, 2024

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and other revenue</b>			
HUD Community Development Block Grant	\$ 961,525	\$ -	\$ 961,525
State, local, and other contracts	904,021	-	904,021
Contributions	964,845	276,010	1,240,855
Utility rebates	154,825	-	154,825
Donated goods and services	160,149	-	160,149
Remodeling Together sales	48,776	-	48,776
Client copays, net of \$46,722 returned to local municipalities	129,548	-	129,548
Other grants	55,495	436,650	492,145
Investment return, net	54,572	-	54,572
Other income	8,283	-	8,283
Transfers from agency endowment	9,290	-	9,290
Lease revenue	62,655	-	62,655
Change in beneficial interest	-	12,778	12,778
Net assets released from restrictions	383,050	(383,050)	-
<b>Total support and other revenue</b>	<b>3,897,034</b>	<b>342,388</b>	<b>4,239,422</b>
<b>Expenses</b>			
Program services	3,206,463	-	3,206,463
Support services:			
Management and general	683,770	-	683,770
Fundraising	289,352	-	289,352
<b>Total support services</b>	<b>973,122</b>	<b>-</b>	<b>973,122</b>
<b>Total expenses</b>	<b>4,179,585</b>	<b>-</b>	<b>4,179,585</b>
Change in net assets	(282,551)	342,388	59,837
Net assets – beginning of year	1,858,872	613,163	2,472,035
<b>Net assets – end of year</b>	<b>\$ 1,576,321</b>	<b>\$ 955,551</b>	<b>\$ 2,531,872</b>

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

Statement of Activities

Year Ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and other revenue</b>			
HUD Community Development Block Grant	\$ 854,973	\$ -	\$ 854,973
State, local, and other contracts	845,478	-	845,478
Contributions	906,315	115,000	1,021,315
Utility rebates	531,992	-	531,992
Donated goods and services	128,777	-	128,777
Remodeling Together sales	63,269	-	63,269
Client copays, net of \$43,272 returned to local municipalities	109,381	-	109,381
Other grants	4,595	277,500	282,095
Investment loss, net	(1,219)	-	(1,219)
Other income	21,924	-	21,924
Transfers from agency endowment	9,720	-	9,720
Lease revenue	63,000	-	63,000
Change in beneficial interest	-	6,119	6,119
Net assets released from restrictions	332,326	(332,326)	-
<b>Total support and other revenue</b>	<b>3,870,531</b>	<b>66,293</b>	<b>3,936,824</b>
<b>Expenses</b>			
Program services	3,068,220	-	3,068,220
Support services:			
Management and general	525,939	-	525,939
Fundraising	279,162	-	279,162
<b>Total support services</b>	<b>805,101</b>	<b>-</b>	<b>805,101</b>
<b>Total expenses</b>	<b>3,873,321</b>	<b>-</b>	<b>3,873,321</b>
Change in net assets	(2,790)	66,293	63,503
Net assets – beginning of year	1,861,662	546,870	2,408,532
<b>Net assets – end of year</b>	<b>\$ 1,858,872</b>	<b>\$ 613,163</b>	<b>\$ 2,472,035</b>

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

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services						Subtotal Program Services	Support Services		Total
	Repairs	Access Modifications	Self-Help Programs	Volunteer Coordination	Housing Counseling & Education	City Bin Distribution		Management and General	Fund- raising	
Personnel expenses	\$ 551,190	\$ 133,476	\$ 121,238	\$ 7,407	\$ 133,330	\$ 20,087	\$ 966,728	\$ 604,592	\$ 217,670	\$ 1,788,990
Materials, subcontractors, and supplies	1,438,362	108,198	44,214	6,600	3,390	434	1,601,198	-	-	1,601,198
Donated materials, subcontractors, and supplies	82,036	1,660	72,904	-	3,549	-	160,149	-	-	160,149
Vehicle, insurance, and other program expenses	70,190	12,265	8,255	4,487	6,500	494	102,191	-	-	102,191
Depreciation	57,388	11,647	37,066	-	17,655	2,128	125,884	28,820	-	154,704
Utilities	15,245	2,912	12,787	-	4,584	533	36,061	8,248	-	44,309
Administrative expenses	69,286	15,569	20,795	261	36,803	2,836	145,550	1,537	23,285	170,372
Repairs and maintenance	36,570	8,212	10,714	-	11,707	1,499	68,702	19,837	-	88,539
Special events	-	-	-	-	-	-	-	-	33,257	33,257
Other support services	-	-	-	-	-	-	-	20,736	15,140	35,876
<b>Total expenses</b>	<b>\$ 2,320,267</b>	<b>\$ 293,939</b>	<b>\$ 327,973</b>	<b>\$ 18,755</b>	<b>\$ 217,518</b>	<b>\$ 28,011</b>	<b>\$ 3,206,463</b>	<b>\$ 683,770</b>	<b>\$ 289,352</b>	<b>\$ 4,179,585</b>

See accompanying notes.

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

Statement of Functional Expenses

Year Ended June 30, 2023

	<u>Program Services</u>						<u>Subtotal Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Repairs</u>	<u>Access Modifications</u>	<u>Self-Help Programs</u>	<u>Volunteer Coordination</u>	<u>Housing Counseling &amp; Education</u>	<u>City Bin Distribution</u>		<u>Management and General</u>	<u>Fund- raising</u>	
Personnel expenses	\$ 490,690	\$ 136,532	\$ 166,562	\$ 13,418	\$ 123,553	\$ 10,939	\$ 941,694	\$ 443,440	\$ 210,450	\$ 1,595,584
Materials, subcontractors, and supplies	1,321,382	127,497	73,304	1,256	563	72	1,524,074	-	-	1,524,074
Donated materials, subcontractors, and supplies	54,060	450	70,824	-	3,443	-	128,777	-	-	128,777
Vehicle, insurance, and other program expenses	79,248	11,864	7,080	6,322	19,829	312	124,655	-	-	124,655
Depreciation	40,290	5,815	29,190	-	9,324	1,065	85,684	30,055	-	115,739
Utilities	13,691	2,144	7,379	-	3,422	394	27,030	5,743	-	32,773
Administrative expenses	81,574	18,331	25,533	-	35,138	3,340	163,916	13,637	34,146	211,699
Repairs and maintenance	41,638	7,946	10,031	-	11,325	1,450	72,390	13,760	-	86,150
Special events	-	-	-	-	-	-	-	-	24,674	24,674
Other support services	-	-	-	-	-	-	-	19,304	9,892	29,196
<b>Total expenses</b>	<b>\$ 2,122,573</b>	<b>\$ 310,579</b>	<b>\$ 389,903</b>	<b>\$ 20,996</b>	<b>\$ 206,597</b>	<b>\$ 17,572</b>	<b>\$ 3,068,220</b>	<b>\$ 525,939</b>	<b>\$ 279,162</b>	<b>\$ 3,873,321</b>

See accompanying notes.

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

Statements of Cash Flows

	<b>Year Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Change in net assets	\$ 59,837	\$ 63,503
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	154,704	115,739
Change in beneficial interest in assets held by Community Foundation	(12,778)	(6,119)
Gain on sale of long-term investments	(10,887)	(32,802)
Unrealized (gain) loss on long-term investments	(15,109)	21,045
Change in assets and liabilities:		
Receivables	(12,078)	(11,174)
Inventory	(208,874)	108,077
Prepaid expenses	(49,171)	(34,894)
Accounts payable	61,549	(62,793)
Unearned agency income	24,825	(6,782)
Other accrued expenses	20,409	66,862
Net cash from operating activities	<u>12,427</u>	<u>220,662</u>
<b>Investing activities</b>		
Purchases of property and equipment	(150,886)	(104,798)
Purchases of long-term investments	(188,455)	(155,024)
Proceeds from sale of long-term investments	195,049	90,256
Net cash from investing activities	<u>(144,292)</u>	<u>(169,566)</u>
Net change in cash and cash equivalents	(131,865)	51,096
Cash and cash equivalents – beginning of year	317,831	266,735
Cash and cash equivalents – end of year	<u>\$ 185,966</u>	<u>\$ 317,831</u>
<b>Cash balances per Statement of Financial Position</b>		
Cash and cash equivalents	\$ 162,525	\$ 305,266
Cash and cash equivalents held in investments	23,441	12,565
Cash and cash equivalents – end of year	<u>\$ 185,966</u>	<u>\$ 317,831</u>
<b>Non-cash transactions:</b>		
Donated goods and services	\$ 160,149	\$ 128,777

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

Notes to Financial Statements

June 30, 2024

**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 7.

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

Notes to Financial Statements

June 30, 2024

**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.

**Adoption of New Accounting Standard**

On July 1, 2023, the Organization adopted ASU 2016-13 Financial Instruments – *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended (ASC 326), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. Such assets are presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The adoption of this new standard did not have a significant impact on Home Repair Services.

**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 balances, at times, may exceed the FDIC insured limit; however, it is the opinion of management that the Organization is subject to minimal risk. There were no uninsured funds as of June 30, 2024, and approximately \$69,900 funds as of June 30, 2023.

**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.

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

Notes to Financial Statements

June 30, 2024

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

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Accounts receivable consist primarily of trade receivables associated with program services performed. Accounts receivable are stated at amortized cost net of the allowance for credit losses. The allowance is an estimate of the amounts that may not be collectible. The Organization determines the need for an allowance based on an evaluation of the accounts receivable, historical loss collection experience, and expectations about current and future economic conditions. Changes in the allowance are recorded as credit loss (or reversal). Losses are charged off against the allowance when the receivable is deemed uncollectable. Based on management's evaluation as of June 30, 2024 and 2023, the estimate of an allowance for credit losses was determined to be immaterial and no allowance was recorded.

**Grants Receivable**

Grants receivable are associated with expenses incurred but not yet reimbursed by the grantor that are expected to be collected within one year. Management expects all grants receivable to be collectible and has not established an allowance for the years ended June 30, 2024 and 2023.

**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.

**Prepaid Expenses**

Prepaid expenses include amounts that were paid during the current fiscal year that relate to expenses in a future period and consist mainly of prepaid insurance.

**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.

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

Notes to Financial Statements

June 30, 2024

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

**Investments (continued)**

Home Repair Services maintains its investments at one financial institution. The account at this institution is protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000. Investments, at times, may exceed the SIPC insured limits.

**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, 2024 and 2023, there were no individual assets in excess of \$5,000 purchased with grant funds.

**Accounts Payable**

Accounts payable include amounts due for expenses incurred but not yet paid as of fiscal year-end.

**Unearned Agency Income**

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

**Other Accrued Expenses**

Other accrued expenses include accrued salaries, vacation, payroll taxes, and estimated and actual expenses incurred but not yet paid as of fiscal year-end.

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

Notes to Financial Statements

June 30, 2024

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

**Revenue Recognition**

*Contributions*

Contributions, bequests, and grants are received from individuals, foundations, corporations or trusts. Revenue is recognized in the period when an unconditional contribution, pledge, or promise to give is received.

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.

*Government Grants*

The Organization receives funding from various departments of the federal, state, and local government. All grants are nonreciprocal transactions and include conditions stipulated by the granting agencies and are, therefore, accounted for as conditional contributions. Revenue is recognized as conditions are satisfied, primarily as expenses are incurred.

*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>2024</u>	<u>2023</u>
Donated services expensed	\$ 82,028	\$ 81,017
Donated goods expensed	78,121	47,760
Total donated goods and services	<u>\$ 160,149</u>	<u>\$ 128,777</u>

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

Notes to Financial Statements

June 30, 2024

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

**Revenue Recognition (continued)**

*Revenue from Contracts with Customers*

During the year ended June 30, 2024, Home Repair Services recognized revenue from contracts with customers of \$379,871 in the form of Remodeling Together sales, utility rebates, and client copays related to repair, access modifications, and financial coaching transactions as noted in the statements of activities (\$747,914 for 2023). Performance obligations related to Remodeling Together sales (Home Repair Services' self-help program) are satisfied at a point in time when the cabinets are built. Performance obligations related to utility rebates and client copays from repairs and access modifications are satisfied over time as the project is completed, which is generally short-term in nature. Performance obligations related to client copays from financial coaching transactions are also satisfied over time as coaching services are provided to clients, which generally occurs over a short period of time. The Organization's management exercises judgment in determining when performance obligations for services have been satisfied. In making such judgments, management typically relies on input methods to measure progress toward service obligations. The Organization evaluates effort and costs expended relative to the total effort and costs expected to be expended in satisfying each performance obligation.

For the year ended June 30, 2024, the beginning balance of the Organization's receivables from contracts with customers totaled \$33,585. The closing balance totaled \$75,884.

For the year ended June 30, 2023, the beginning balances of the Organization's receivables from contracts with customers totaled \$41,503. The closing balance totaled \$33,585.

Payment terms vary and client copays may have a payment arrangement element. In most cases, consideration is paid for services that the customer purchases and is non-refundable. Home Repair Services recognized write-offs of bad debts for client copays of \$6,997 during the year ended June 30, 2024 (\$25,510 during 2023). A portion of the copays collected by Home Repair Services are required to be remitted to the municipality where the related project was completed. These remittances totaled \$46,722 for the year ended June 30, 2024, and are reported net of client copay revenue in the statements of activities (\$43,272 during 2023).

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

Notes to Financial Statements

June 30, 2024

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

**Revenue Recognition (continued)**

*Revenue from Contracts with Customers (continued)*

The following factors affect the nature, timing, and uncertainty of the Organization's revenue and cash flows as indicated:

- Overall health of the economy: Declines in the overall health of the economy will typically decrease disposable income. In addition, a decline in the overall health of the economy may affect the ability of clients to pay necessary copays. Inflation affects the price of materials and, therefore, the number of clients Home Repair Services can serve when grant funds do not keep pace with inflation.
- Rising costs: Increases in the costs of goods and services will impact the Organization's net income able to be generated from hosting special events.

**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.

**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, 2024

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

**Functional Expenses (continued)**

The expenses that are allocated include the following:

<b>Expense</b>	<b>Method of Allocation</b>
Personnel expenses	Time and effort
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, 2024 and 2023.

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

Notes to Financial Statements

June 30, 2024

**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 2020 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 May 7, 2025, 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 (excluding certain expenses determined to be fully funded by grant income), which was \$483,000 as of June 30, 2024 and \$460,000 as of June 30, 2023. 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. See details related to the line of credit in Note 5.

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

Notes to Financial Statements

June 30, 2024

**2. Liquidity and Availability (continued)**

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

	<b>2024</b>	<b>2023</b>
Financial assets as of year-end:		
Cash and cash equivalents	\$ 162,525	\$ 305,266
Cash and cash equivalents held in investments	23,441	12,565
Accounts receivable	209,042	110,794
Grants receivable	365,308	460,768
Spendable balance – agency endowment	22,784	13,494
Financial assets available to meet general expenditures within one year	<b>\$ 783,100</b>	<b>\$ 902,887</b>

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:

	<b>2024</b>	<b>2023</b>
Equity securities	\$ 472,968	\$ 462,955
Corporate bonds	216,400	206,842
Accrued interest	2,021	2,190
Total long-term investments	<b>\$ 691,389</b>	<b>\$ 671,987</b>

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:

	<b>2024</b>	<b>2023</b>
Total long-term investments	\$ 691,389	\$ 671,987
Cash and cash equivalents held in investments	23,441	12,565
Assets available for investment purposes	<b>\$ 714,830</b>	<b>\$ 684,552</b>

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

Notes to Financial Statements

June 30, 2024

**4. Net Property and Equipment**

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

	<u>2024</u>	<u>2023</u>
Building	\$ 344,524	\$ 344,524
Building furnishings/improvements	2,112,196	2,112,196
Land	88,165	88,165
Office equipment	110,901	110,901
Vehicles	417,867	307,265
Operating equipment	106,991	85,493
Total property and equipment	<u>3,180,644</u>	<u>3,048,544</u>
Accumulated depreciation	<u>(2,326,573)</u>	<u>(2,190,655)</u>
Net property and equipment	<u>\$ 854,071</u>	<u>\$ 857,889</u>

**5. Line of Credit**

The Organization has a \$25,000 line of credit available with interest calculated at 8.50% as of June 30, 2024 (8.25% at June 30 2023). Substantially all assets are pledged as security. There was no balance on the line as of June 30, 2024 and 2023.

**6. Concentrations**

As of June 30, 2024 and 2023, all of the Organization's grants receivable were due from two grantors. Approximately 23% of the Organization's total support and other revenue related to CDBG funding for the year ended June 30, 2024 (22% for the year ended June 30, 2023).

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

Notes to Financial Statements

June 30, 2024

**7. Net Assets**

Net assets consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Equity in property and equipment	\$ 854,071	\$ 857,889
Other unrestricted (deficit)	5,250	(37,721)
Board-designated funds: Operating reserves	717,000	1,038,704
Total net assets without donor restrictions	<u>\$ 1,576,321</u>	<u>\$ 1,858,872</u>
Net assets with donor restrictions:		
Purpose restricted:		
Repair grants	\$ 769,462	\$ 439,852
Self-help programs	1,000	1,000
Perpetual:		
Beneficial interest in assets held by Community Foundation	185,089	172,311
Total net assets with donor restrictions	<u>\$ 955,551</u>	<u>\$ 613,163</u>

**8. Related Party Transactions**

Contributions for the year ended June 30, 2024 include approximately \$22,700 from Home Repair Services' staff and members of the Board of Directors (approximately \$11,300 for the year ended June 30, 2023).

**9. 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.

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

Notes to Financial Statements

June 30, 2024

**9. Retirement Plan (continued)**

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 \$14,000 for the year ended June 30, 2024 and \$19,600 for the year ended June 30, 2023 to the retirement plan.

**10. 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 \$207,873 as of June 30, 2024 and \$185,805 as of June 30, 2023 and is recorded in the Organization's statements of financial position, net of a spendable balance of \$22,784 as of June 30, 2024 (\$13,494 as of June 30, 2023). 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. During the year ended June 30, 2024, the Organization received no distributions from this fund (\$65,000 during the year ended June 30, 2023).

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 \$154,286 as of June 30, 2024 and \$137,907 as of June 30, 2023, in its financial statements.

The fair value of the beneficial interest in endowment fund at the Foundation is measured at fair value on a recurring basis based on statements received from the Foundation that are measured and reported using significant unobservable inputs (Level 3 inputs).

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

Notes to Financial Statements

June 30, 2024

**11. Fair Value Measurements**

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

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>2024</b>				
Long-term investments	\$ 691,389	\$ 691,389	\$ -	\$ -
Beneficial interest in assets held by Community Foundation	\$ 207,873	\$ -	\$ -	\$ 207,873
<b>2023</b>				
Long-term investments	\$ 671,987	\$ 671,987	\$ -	\$ -
Beneficial interest in assets held by Community Foundation	\$ 185,805	\$ -	\$ -	\$ 185,805

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

Balance, July 1, 2022	\$ 234,966
Total realized and unrealized gains	15,839
Grants authorized	<u>(65,000)</u>
Balance, June 30, 2023	185,805
Total realized and unrealized gains	<u>22,068</u>
Balance, June 30, 2024	<u>\$ 207,873</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.

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

Notes to Financial Statements

June 30, 2024

**12. Leases**

The Organization leased portions of its building to unrelated entities with one lease still in place as of June 30, 2024 with an expiration date of March 29, 2025. Future minimum lease payments anticipated to be received under this lease agreement are \$9,315 for the fiscal year ending June 30, 2025.

**13. Risks and Uncertainties**

The Organization invests in various investment securities. These investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and long-term and that such changes could materially affect the amounts reported in the statements of financial position.

The Organization is subject to various risks and uncertainties related to operations, financial performance, and economic events. Home Repair Services utilizes a number of suppliers and vendors to fulfill business needs, and this exposes them to risks and uncertainties, including supply chain risks. These supply chain risks include availability of sources of supply for materials, labor, and services, and potential changes in federal funding, in addition to increases in prices. Due to the level of risk associated with the supply chain and other potential risks and uncertainties, it is at least reasonably possible these risks could have an impact in the near term and could materially affect the operations of the Organization and the amounts reported in the financial statement