

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD**

**FINANCIAL STATEMENTS**

**Years ended December 31, 2012 and 2011**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Toledo Lucas County Homelessness Board  
Toledo, Ohio

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Toledo Lucas County Homelessness Board (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Toledo Lucas County Homelessness Board as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

The financial statements of Toledo Lucas County Homelessness Board, as of and for the year ended December 31, 2011, were audited by other auditors whose report thereon, dated November 28, 2012, expressed an unqualified opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2013, on our consideration of Toledo Lucas County Homelessness Board'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 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 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 Toledo Lucas County Homelessness Board's internal control over financial reporting and compliance and is a restricted use financial statement.

*DeMarco & Associates CPAs, LLC*

Perrysburg, Ohio  
November 30, 2013

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2012 and 2011**

ASSETS

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 209,366	\$ 154,248
Grants receivable	118,839	88,930
Deposits	925	925
Prepaid rent	<u>925</u>	<u>-</u>
Total assets	<u>\$ 330,055</u>	<u>\$ 244,103</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Liabilities		
Accounts payable	\$ 269,789	\$ 324,128
Accrued payroll and payroll liabilities	<u>5,176</u>	<u>2,952</u>
Total liabilities	274,965	327,080
Net assets (deficit)		
Unrestricted	16,409	(171,901)
Temporarily restricted	<u>38,681</u>	<u>88,924</u>
Total net assets (deficit)	<u>55,090</u>	<u>(82,977)</u>
Total liabilities and net assets (deficit)	<u>\$ 330,055</u>	<u>\$ 244,103</u>

The accompanying notes are an integral part of these financial statements.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2012 and 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Totals</u>
Revenue and other support			
Grants and contracts	\$ 50,349	\$ 625,801	\$ 676,150
Contributions	-	-	-
Miscellaneous	613	-	613
Net assets released from restrictions	<u>676,044</u>	<u>(676,044)</u>	<u>-</u>
 Total revenue and other support	 727,006	 (50,243)	 676,763
Expenses			
Program services	494,554	-	494,554
Management and general	41,223	-	41,223
Fundraising	<u>2,919</u>	<u>-</u>	<u>2,919</u>
 Total expenses	 538,696	 -	 538,696
 Change in net assets	 188,310	 (50,243)	 138,067
Net assets - beginning of year	<u>(171,901)</u>	<u>88,924</u>	<u>(82,977)</u>
Net assets - end of year	<u>\$ 16,409</u>	<u>\$ 38,681</u>	<u>\$ 55,090</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Totals</u>
Revenue and other support			
Grants and contracts	\$ 23,117	\$ 401,930	\$ 425,047
Contributions	235	-	235
Miscellaneous	951	-	951
Net assets released from restrictions	<u>395,642</u>	<u>(395,642)</u>	<u>-</u>
Total revenue and other support	419,945	6,288	426,233
Expenses			
Program services	459,285	-	459,285
Management and general	24,513	-	24,513
Fundraising	<u>1,990</u>	<u>-</u>	<u>1,990</u>
Total expenses	485,788	-	485,788
Change in net assets	(65,843)	6,288	(59,555)
Net assets - beginning of year	<u>(106,058)</u>	<u>82,636</u>	<u>(23,422)</u>
Net assets - end of year	<u>\$ (171,901)</u>	<u>\$ 88,924</u>	<u>\$ (82,977)</u>

The accompanying notes are an integral part of these financial statements.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2012 and 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2012 Totals</u>
Salaries and wages	\$ 98,428	\$ 29,554	\$ 2,213	\$ 130,195
Payroll taxes	9,288	2,789	209	12,286
Employee benefits	7,583	2,277	171	10,031
Workers compensation	267	80	6	353
Payroll processing fees	1,012	304	23	1,339
Legal fees	-	-	-	-
Consultant/Director	-	-	-	-
Rent	8,391	2,520	189	11,100
Office equipment	2,845	-	-	2,845
Telephone and internet	2,225	668	50	2,943
Supplies	454	136	10	600
Postage	1,196	-	-	1,196
Printing and advertising	1,919	-	-	1,919
Insurance	-	1,911	-	1,911
Miscellaneous	2,031	610	46	2,687
Repairs and maintenance	423	106	-	529
Training and education	5,420	-	-	5,420
Mileage and parking	90	27	2	119
Professional fees	55,463	-	-	55,463
Membership fees	-	241	-	241
Licenses	18,268	-	-	18,268
Consulting fees	-	-	-	-
Client assistance	229,370	-	-	229,370
Implementation staff	49,881	-	-	49,881
Community events	-	-	-	-
Total expenses	<u>\$ 494,554</u>	<u>\$ 41,223</u>	<u>\$ 2,919</u>	<u>\$ 538,696</u>



	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2011 Totals</u>
Salaries and wages	\$ 48,618	\$ 14,599	\$ 1,093	\$ 64,310
Payroll taxes	4,982	1,193	89	6,264
Employee benefits	2,722	817	61	3,600
Workers compensation	184	14	1	199
Payroll processing fees	431	130	10	571
Legal fees	200	-	-	200
Consultant/Director	6,543	1,965	147	8,655
Rent	8,392	2,520	189	11,101
Office equipment	126	-	-	126
Telephone and internet	1,740	523	39	2,302
Supplies	168	50	4	222
Postage	1,255	-	-	1,255
Printing and advertising	683	-	-	683
Insurance	-	1,776	-	1,776
Miscellaneous	941	282	21	1,244
Repairs and maintenance	383	96	-	479
Training and education	2,678	-	-	2,678
Mileage and parking	721	216	16	953
Professional fees	26,314	-	-	26,314
Membership fees	-	35	-	35
Licenses	13,125	-	-	13,125
Consulting fees	11,576	297	-	11,873
Client assistance	162,049	-	-	162,049
Implementation staff	165,454	-	-	165,454
Community events	-	-	320	320
Total expenses	<u>\$ 459,285</u>	<u>\$ 24,513</u>	<u>\$ 1,990</u>	<u>\$ 485,788</u>

The accompanying notes are an integral part of these financial statements.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2012 and 2011**

	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 138,067	\$ (59,555)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(29,909)	(60,528)
Prepaid rent	(925)	925
Increase (decrease) in:		
Accounts payable	(54,339)	249,548
Accrued payroll and payroll liabilities	2,224	2,952
Net cash provided by operating activities	55,118	133,342
Net increase in cash	55,118	133,342
Cash at beginning of year	154,248	20,906
Cash at end of year	\$ 209,366	\$ 154,248

The accompanying notes are an integral part of these financial statements.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD**  
**NOTES TO FINANCIAL STATEMENTS**

**Note A - Significant accounting policies**

Nature of operations

Toledo Lucas County Homelessness Board (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was formed for the purpose of providing fair and equitable services to the Toledo Lucas County Continuum of Care and its members in preventing, reducing and ending homelessness.

The organization manages funding provided by the U.S. Department of Housing and Urban Development through the continuum of care. The continuum of care projects are administered by eleven agencies and provide homeless individuals and families with a wide range of services to assist them achieve and maintain permanent housing. These include: Transitional Housing, Permanent Supporting Housing; Support Services; Leasing Subsidy; Outreach, and, Medical Transport.

Basis of presentation

The Organization's financial statements have been prepared on the accrual basis of accounting. Under this method of accounting, revenues and expenses are identified with a specific period of time and are recorded as incurred without regard to the date of receipt or the payment of cash.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration

The Organization received approximately 48% and 67% of its annual budget from Ohio Department of Development for 2012 and 2011, respectively.

Cash and cash equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Property and equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are recorded at cost; donated furniture and fixtures are recorded at estimated fair value at the date of donation. Depreciation is provided at rates based on the estimated useful lives of the assets using the straight-line method.

Net asset categories

A description of the Organization's net asset categories is as follows:

Unrestricted net assets – unrestricted net assets are those that bear no external restrictions as to use or purpose.

Temporarily restricted net assets – temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Reclassification

Certain reclassifications have been made to the 2011 financial statements to conform with the 2012 presentation

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD  
NOTES TO FINANCIAL STATEMENTS**

**Note A - Significant accounting policies (continued)**

Subsequent events

Subsequent events were evaluated through November 30, 2013, the date the financial statements were issued.

**Note B - Temporarily restricted net assets**

Temporarily restricted net assets at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Ohio Department of Development	\$ 36,861	\$ 53,924
Toledo Community Foundation	-	35,000
Total	\$ 36,861	\$ 88,924

**Note C - Lease commitment**

The Organization rents its premises from an unrelated party under an operating lease agreement expiring in September 2013. Rent is \$925 per month. The Organization is not responsible for any internal modifications or alterations to the premises under this rental agreement. Rent expense for the years ended December 31, 2012 and 2011 was \$11,100 and \$11,101, respectively. Future minimum lease payments under this lease are as follows:

Year Ending December 31	Amount
2013	\$ 8,325