



Consolidated Financial Statements  
December 31, 2019 and 2018

# Neighborhood House Association

# Neighborhood House Association

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December 31, 2019 and 2018

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## Independent Auditor's Report

The Board of Directors  
Neighborhood House Association  
Salt Lake City, Utah

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Neighborhood House Association (a nonprofit organization) which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood House Association as of December 31, 2019 and 2018, 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.

**Change in Accounting Principle**

As discussed in Note 1 to the consolidated financial statements, Neighborhood House Association has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Accordingly, the December 31, 2018 consolidated statement of cash flows has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

**Other Matters****Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information shown on pages 29 through 32 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Salt Lake City, Utah  
July 23, 2020

Neighborhood House Association  
Consolidated Statements of Financial Position  
December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,535,175	\$ 766,619
Program and other receivables, net of allowance for doubtful accounts of \$69,367 and \$60,978	513,788	159,027
Unconditional promises to give	-	30,000
Prepaid expenses	3,591	18,492
<b>Total current assets</b>	<b>2,052,554</b>	<b>974,138</b>
Restricted cash	1,802,160	9,784,334
Unconditional promises to give restricted to long-term purposes	2,239,633	2,944,613
Investments (including endowment)	8,792,087	7,756,855
Note receivable	9,475,680	9,475,680
Property and equipment, net	13,124,288	5,614,385
	<b>\$ 37,486,402</b>	<b>\$ 36,550,005</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 39,829	\$ 7,816
Accrued expenses	32,510	84,143
Construction and development payable	349,743	749,474
<b>Total current liabilities</b>	<b>422,082</b>	<b>841,433</b>
Notes payable	14,486,341	14,461,015
<b>Total liabilities</b>	<b>14,908,423</b>	<b>15,302,448</b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	2,831,430	5,495,892
Designated by the Board for endowment	3,380,706	2,936,102
Invested in property and equipment	9,134,042	5,614,385
	<b>15,346,178</b>	<b>14,046,379</b>
With donor restrictions		
Purpose restrictions	6,621,801	6,570,867
Time-restricted for future periods	-	30,000
Perpetual in nature	610,000	600,311
	<b>7,231,801</b>	<b>7,201,178</b>
<b>Total net assets</b>	<b>22,577,979</b>	<b>21,247,557</b>
	<b>\$ 37,486,402</b>	<b>\$ 36,550,005</b>

Neighborhood House Association  
Consolidated Statement of Activities  
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Program income	\$ 1,248,758	\$ -	\$ 1,248,758
Food service reimbursement	161,158	-	161,158
Royalties - oil and gas	41,838	-	41,838
Net investment return	719,696	48,910	768,606
Interest income	152,376	-	152,376
Other income	4,578	-	4,578
Grants and contributions	767,314	1,635,332	2,402,646
In-kind contributions	18,399	-	18,399
Gross special events revenue	261,182	-	261,182
Less cost of direct benefits to donors	(23,680)	-	(23,680)
Net special events revenue	237,502	-	237,502
Net assets released from restrictions	1,653,619	(1,653,619)	-
Total revenue, support and gains	5,005,238	30,623	5,035,861
<b>Expenses and Losses</b>			
Program services expenses			
Children's Day Care	2,345,429	-	2,345,429
Adult Day Services	745,393	-	745,393
Total program services expenses	3,090,822	-	3,090,822
Supporting services expenses			
Management and general	414,573	-	414,573
Fundraising	200,044	-	200,044
Total supporting services expenses	614,617	-	614,617
Total expenses and losses	3,705,439	-	3,705,439
Change in Net Assets	1,299,799	30,623	1,330,422
Net Assets, Beginning of Year	14,046,379	7,201,178	21,247,557
Net Assets, End of Year	\$ 15,346,178	\$ 7,231,801	\$ 22,577,979

Neighborhood House Association  
Consolidated Statement of Activities  
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Program income	\$ 1,153,998	\$ -	\$ 1,153,998
Food service reimbursement	169,723	-	169,723
Net investment return	(93,288)	(8,288)	(101,576)
Interest income	95,973	-	95,973
Other income	11,598	-	11,598
Grants and contributions	377,981	10,300,010	10,677,991
In-kind contributions	20,950	-	20,950
Gross special events revenue	369,506	-	369,506
Less cost of direct benefits to donors	(26,315)	-	(26,315)
Net special events revenue	343,191	-	343,191
Net assets released from restrictions	9,623,470	(9,623,470)	-
Total revenue, support and gains	11,703,596	668,252	12,371,848
<b>Expenses</b>			
Program services expenses			
Children's Day Care	1,850,315	-	1,850,315
Adult Day Services	589,888	-	589,888
Total program services expenses	2,440,203	-	2,440,203
Supporting services expenses			
Management and general	330,793	-	330,793
Fundraising	182,112	-	182,112
Total supporting services expenses	512,905	-	512,905
Loss on disposal of property and equipment	393,349	-	393,349
Total expenses	3,346,457	-	3,346,457
Change in Net Assets	8,357,139	668,252	9,025,391
Net Assets, Beginning of Year	5,689,240	6,532,926	12,222,166
Net Assets, End of Year	\$ 14,046,379	\$ 7,201,178	\$ 21,247,557

Neighborhood House Association  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2019

	Program Services Expenses			Supporting Services Expenses		Total Support Services	Total
	Children's Day Care	Adult Day Services	Total Program Services	Management and General	Fundraising		
Salaries, benefits, and taxes	\$ 1,499,067	\$ 527,598	\$ 2,026,665	\$ 281,344	\$ 153,632	\$ 434,976	\$ 2,461,641
Program and office expenses	133,890	16,848	150,738	39,866	3,704	43,570	194,308
Food	96,882	29,455	126,337	-	-	-	126,337
Depreciation	225,366	25,550	250,916	4,561	1,922	6,483	257,399
Occupancy and maintenance	60,632	26,731	87,363	1,474	-	1,474	88,837
Professional and contract services	80,624	43,320	123,944	19,313	14,115	33,428	157,372
Bad debt	43,500	6,504	50,004	-	-	-	50,004
Telephone and utilities	42,811	11,678	54,489	6,928	-	6,928	61,417
Transportation	8,586	26,714	35,300	-	30	30	35,330
Insurance	32,236	16,657	48,893	15,379	-	15,379	64,272
Licensing, education, and training	34,296	4,980	39,276	1,259	50	1,309	40,585
Donated goods and services	14,739	3,661	18,400	-	-	-	18,400
Printing and promotion	2,835	2,570	5,405	11,740	26,209	37,949	43,354
Interest	61,363	-	61,363	-	-	-	61,363
Other	8,602	3,127	11,729	32,709	382	33,091	44,820
Events	-	-	-	875	22,805	23,680	23,680
	<u>2,345,429</u>	<u>745,393</u>	<u>3,090,822</u>	<u>415,448</u>	<u>222,849</u>	<u>638,297</u>	<u>3,729,119</u>
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	(875)	(22,805)	(23,680)	(23,680)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(875)</u>	<u>(22,805)</u>	<u>(23,680)</u>	<u>(23,680)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 2,345,429</u>	<u>\$ 745,393</u>	<u>\$ 3,090,822</u>	<u>\$ 414,573</u>	<u>\$ 200,044</u>	<u>\$ 614,617</u>	<u>\$ 3,705,439</u>



Neighborhood House Association  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2018

	Program Services Expenses			Supporting Services Expenses		Total Support Services	Total
	Children's Day Care	Adult Day Services	Total Program Services	Management and General	Fundraising		
Salaries, benefits, and taxes	\$ 1,273,153	\$ 410,598	\$ 1,683,751	\$ 230,306	\$ 164,849	\$ 395,155	\$ 2,078,906
Program and office expenses	146,443	12,149	158,592	34,698	1,267	35,965	194,557
Food	103,296	20,776	124,072	-	-	-	124,072
Depreciation	88,069	23,030	111,099	7,643	2,959	10,602	121,701
Occupancy and maintenance	52,262	26,992	79,254	1,105	-	1,105	80,359
Professional and contract services	13,843	20,620	34,463	15,839	-	15,839	50,302
Bad debt	43,500	6,504	50,004	-	-	-	50,004
Telephone and utilities	32,910	11,794	44,704	6,043	-	6,043	50,747
Transportation	24,713	27,977	52,690	87	23	110	52,800
Insurance	21,345	14,548	35,893	5,382	-	5,382	41,275
Licensing, education, and training	28,830	4,237	33,067	2,947	500	3,447	36,514
Donated goods and services	14,916	6,034	20,950	-	-	-	20,950
Printing and promotion	700	2,553	3,253	3,591	7,961	11,552	14,805
Other	6,335	2,076	8,411	22,458	4,553	27,011	35,422
Events	-	-	-	694	26,315	27,009	27,009
	<u>1,850,315</u>	<u>589,888</u>	<u>2,440,203</u>	<u>330,793</u>	<u>208,427</u>	<u>539,220</u>	<u>2,979,423</u>
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	(26,315)	(26,315)	(26,315)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,850,315</u>	<u>\$ 589,888</u>	<u>\$ 2,440,203</u>	<u>\$ 330,793</u>	<u>\$ 182,112</u>	<u>\$ 512,905</u>	<u>\$ 2,953,108</u>

Neighborhood House Association  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2019 and 2018

	2019	(As Restated) 2018
Operating Activities		
Change in net assets	\$ 1,330,422	\$ 9,025,391
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	257,399	121,701
Interest expense attributable to amortization of debt issuance costs	9,058	-
Loss on disposal of property and equipment	-	393,349
Royalties - oil and gas	(41,838)	-
Net realized and unrealized (gain) loss on investments	(547,282)	186,023
Endowment net investment return	(48,910)	8,288
Contributions restricted to building project	(869,983)	(9,519,295)
Bad debt	50,004	50,004
Change in operating assets and liabilities		
Program and other receivables	(404,765)	(97,660)
Unconditional promises to give	30,000	2,500
Prepaid expenses	14,901	1,260
Accounts payable	32,013	(7,293)
Accrued expenses	(51,633)	(45,310)
Net Cash from (used for) Operating Activities	(240,614)	118,958
Investing Activities		
Purchase of property and equipment	(7,401,291)	(4,047,320)
Royalty income	41,838	-
Additions to endowment	(393,000)	(107,000)
Issuance of notes receivable	-	(9,475,680)
Purchases of investments	(3,102,212)	(9,449,928)
Sales of investments	2,663,172	10,672,876
Net Cash used for Investing Activities	(8,191,493)	(12,407,052)
Financing Activities		
Payments on notes payable	-	(738,976)
Payments on construction and development payable	(749,474)	-
Proceeds from debt issuance	-	15,363,976
Payments for debt issuance costs	-	(177,281)
Collections of contributions restricted to endowment	393,000	107,000
Collections of contributions restricted to building project	1,574,963	8,075,313
Net Cash from Financing Activities	1,218,489	22,630,032
Net Change in Cash, Cash Equivalents, and Restricted Cash	(7,213,618)	10,341,938
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	10,550,953	209,015
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 3,337,335	\$ 10,550,953

See Notes to Consolidated Financial Statements

Neighborhood House Association  
 Consolidated Statements of Cash Flows  
 Years Ended December 31, 2019 and 2018

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	2019	(As Restated) 2018
Cash and Cash Equivalents	\$ 1,535,175	\$ 766,619
Restricted Cash	1,802,160	9,784,334
Total cash, cash equivalents, and restricted cash	\$ 3,337,335	\$ 10,550,953
 Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest, net of capitalized interest of \$93,945 in 2019 and \$76,731 in 2018	\$ 53,934	\$ 10,363
 Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Increase in property and equipment from construction and development payable	\$ 349,743	\$ 749,474

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

The Neighborhood House Association (the Association) is a nonprofit organization established under the laws of the State of Utah to provide child and adult day care services in the Salt Lake City area.

The Association's principal programs comprise the following:

- The Children's Day Care program provides preschool child care and before and after school day care for elementary aged children and the summer program includes activities for 13 and 14 year olds. The program is designed to promote the physical, mental and social well-being of the children.
- The Adult Day Services program offers an alternative to premature nursing home care for the elderly. Supportive services are provided at the center and at a satellite location for patrons who are no longer able to remain alone during the day.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Association and the Emma McVicker Foundation (the Foundation) because the Association has both control and an economic interest in the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Association".

### **Cash and Cash Equivalents**

The Association considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Association are excluded from this definition.

### **Receivables and Credit Policies**

Program receivables consist primarily of noninterest-bearing amounts due for program services provided. Management determines the allowance for uncollectable program receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Program receivables are written off when deemed uncollectable. At December 31, 2019 and 2018, the allowance was \$69,367 and \$60,978, respectively. Program receivables at January 1, 2018 were \$111,371.

### **Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2019 and 2018, no allowance has been recorded for promises to give.

### **Property and Equipment**

Property and equipment additions over \$2,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-three years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Association reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. At December 31, 2019 and 2018, no impairment loss has been recorded.

### **Investments**

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

### **Debt Issuance Costs**

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method which approximates the effective interest method. Debt issuance costs are included within long-term debt on the statement of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

## **Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Association reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## **Revenue and Revenue Recognition**

Daycare services revenue (program income) is billed monthly for services (the performance obligation) provided that month. Accordingly, revenue for daycare services is recognized each month as services are provided (over time). Any daycare services income received in advance is deferred to the applicable period in which the related services are performed. There was no deferred daycare services at December 31, 2019 and 2018.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Association's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2019, conditional contributions approximating \$1,312,600, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

## **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Association's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Association records donated professional services at the respective fair values of the services received.

The Association received donated services, materials and facilities of \$18,399 and \$20,950 during the years ended December 31, 2019 and 2018, respectively. The donated materials primarily represent the donation of food items that are provided to or consumed by participants in the Association's programs. Donated food items are recorded as contributions and as expenses in the statements of activities.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and maintenance, and depreciation, which are allocated on a square footage basis, as well as salaries, benefits and taxes, program and office expenses, food, professional and contract services, telephone and utilities, transportation, insurance, licensing, education and training, printing and promotion, and other, which are allocated on the basis of estimates of time and effort.

### **Income Taxes**

The Association is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Association is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Association has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation is organized as a Utah nonprofit corporation and has been recognized by the (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifying for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and has been determined not to be private a foundation under Section 509(a)(3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Foundation has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Association believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Association would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Financial Instruments and Credit Risk**

The Association manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Association has not experienced losses in any of these accounts. Credit risk associated with program receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of the Association's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Association.

### **Recently Adopted Accounting Pronouncements**

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Association has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendment has been applied retrospectively to all periods presented, with no effect on net assets.

### **Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14**

As of January 1, 2018, the Association adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit- Entities*. The Association believes the standard improves the usefulness and understandability of the Association's financial statement reporting. Accordingly, the accompanying consolidated financial statements and related notes follow the net asset classification, presentation, and disclosure requirements prescribed by the ASU.



**Adoption of FASB Accounting Standards Update 2016-18**

As of January 1, 2019, the Association adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. The Association has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The December 31, 2018 statement of cash flows has been revised to be consistent with the new standard.

**Adoption of FASB Accounting Standards Update 2018-08**

The Association has implemented ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the entity in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Association has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

	2019	2018
Cash and cash equivalents	\$ 1,472,036	\$ 447,003
Program receivables	513,788	159,027
Unconditional promises to give	-	30,000
Endowment spending-rate distributions and appropriations - board designated	105,000	200,054
Endowment spending-rate distributions and appropriations - perpetuity	23,307	5,000
	\$ 2,114,131	\$ 841,084

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Although the Association does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds.

**Note 3 - Restricted Cash**

Restricted cash consists of the following at December 31, 2019 and 2018:

	2019	2018
Construction funds	\$ 1,370,158	\$ 9,275,885
Management fees	432,002	508,449
	\$ 1,802,160	\$ 9,784,334

Restricted cash consists of cash restricted for the future payment of Community Development Finance Alliance (CDFA) management fees and audit/tax fees related to the financing of the new school building as well as funds restricted for the construction of the new buildings.

**Note 4 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Association develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Association’s assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Association’s investment assets are classified within Level 1 because they are comprised of open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. The Association invests in U.S. Government obligations that are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners’ capital, is used to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following at December 31, 2019:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 5,118,090	\$ 5,118,090	\$ -	\$ -
Debt securities	600,176	-	600,176	-
Equity securities	2,359,708	2,359,708	-	-
Mutual funds	593,413	593,413	-	-
Real estate funds (NAV)	120,700	-	-	-
Total assets at fair value	<u>\$ 8,792,087</u>	<u>\$ 8,071,211</u>	<u>\$ 600,176</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following at December 31, 2018:

	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 4,414,531	\$ 4,414,531	\$ -	\$ -
Debt securities	803,082	-	803,082	-
Equity securities	1,881,156	1,881,156	-	-
Mutual funds	543,200	543,200	-	-
Real estate funds (NAV)	114,886	-	-	-
Total assets at fair value	<u>\$ 7,756,855</u>	<u>\$ 6,838,887</u>	<u>\$ 803,082</u>	<u>\$ -</u>

#### Note 5 - Promises to Give

##### *Unconditional Promises to Give Restricted to Long-Term Purposes*

Unconditional promises to give restricted to long-term purposes are estimated to be collected as follows at December 31, 2019 and 2018:

	2019	2018
Within one year	\$ 1,135,838	\$ 923,940
In one to five years	1,213,349	2,218,333
Less discount to net present value at a rate of 4.5%	2,349,187 (109,554)	3,142,273 (197,660)
	<u>\$ 2,239,633</u>	<u>\$ 2,944,613</u>
Unconditional promises to give restricted to long-term purposes consists of the following:		
Promises to give for capital campaign, net	\$ 2,239,633	\$ 2,561,302
Endowment promises to give, net	-	383,311
	<u>\$ 2,239,633</u>	<u>\$ 2,944,613</u>

At December 31, 2019 and 2018, three donors accounted for 77% and 73%, respectively, of total unconditional promises to give restricted to long-term purposes. Four contributors accounted for approximately 45% and 56% of total contribution revenue for the years ended December 31, 2019 and 2018, respectively.

**Note 6 - Note Receivable**

Note receivable consists of a note receivable from CDFA, an unrelated entity involved in the financing of the new building as described in Note 12, and is governed by a loan participation agreement entered into with CDFA and one other bank participant relating to a loan between CDFA and Twain Investment Fund 68, LLC, totaling \$9,974,400. At the inception of the loan term, which began June 22, 2018, the Association funded \$9,475,680 to CDFA representing all of “Tranche A” of the loan participation. Tranche A bears interest at 1.332744% and is subordinate to “Tranche B” which is payable to the bank participant. The note receivable requires annual interest-only payments through June 2025, at which time annual principal and interest payments are required through December 15, 2052, the date of maturity. The note receivable is secured by ownership interests in Alliance Finance Fund 6, LLC, the holder of certain notes receivable due from the Emma McVicker Foundation (Note 8). Note receivable at December 31, 2019 and 2018, totals \$9,475,680.

Future maturities of the note receivable are as follows:

Year Ending December 31,	Amount
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	9,475,680
	\$ 9,475,680

**Note 7 - Property and Equipment**

Property and equipment consists of the following at December 31, 2019 and 2018:

	2019	2018
Land and improvements	\$ 607,992	\$ 374,352
Buildings and improvements	11,124,357	1,964,875
Furniture and equipment	1,521,455	997,131
Construction in progress	771,177	5,339,780
	14,024,981	8,676,138
Less accumulated depreciation	(900,693)	(3,061,753)
	\$ 13,124,288	\$ 5,614,385

Concurrent with the Association beginning construction on new facilities in 2018, the Association made an evaluation that certain property and equipment assets, with a net book value at the estimated date of disposal totaling \$393,349, will be disposed of. The Association has reported this amount as loss on disposal of property and equipment during the year ended December 31, 2018, in the accompanying consolidated statement of activities.

**Note 8 - Notes Payable**

Notes payable consist of the following at December 31, 2019 and 2018:

	2019	2018
<p>Note payable (Loan A) to Alliance Finance Fund 6, LLC, an unrelated entity involved in the financing of new facilities (Note 12), interest at 1.00%, annual interest-only payments beginning December 2018. No prepayment of this note is permitted prior to the NMTC recapture period. On December 10, 2025, the note requires annual payments of principal and interest such that the full amount of the note and any unpaid interest will be repaid by December 10, 2052. Secured by a trust deed on the property. Net of unamortized debt issuance costs of \$94,567 in 2019 and \$111,839 in 2018, based on an effective interest rate of 1.18%.</p>	\$ 9,879,833	\$ 9,862,561
<p>Note payable (Loan B) to Alliance Finance Fund 6, LLC, an unrelated entity involved in the financing of new facilities (Note 12), interest at 1.00%, annual interest-only payments beginning December 2018. No prepayment of this note is permitted prior to the NMTC recapture period. On December 10, 2025, the note requires annual payments of principal and interest such that the full amount of the note and any unpaid interest will be repaid by December 10, 2052. Secured by a trust deed on the property. The lender has the option to accelerate the repayment of this note payable to require the repayment of the note on December 10, 2025. If the lender accelerates the repayment of the note, the amount due will be (i) the outstanding balance of Loan A, (ii) \$1,000, and (iii) any other amounts due under the notes payable including accrued interest, other than the principal balance of Loan B. Net of unamortized debt issuance costs of \$44,092 in 2019 and \$52,146 in 2018, based on an effective interest rate of 1.18%.</p>	4,606,508	4,598,454
<p>Total long-term debt</p>	\$ 14,486,341	\$ 14,461,015

Future maturities of notes payable are as follows:

Year Ending December 30,	Amount
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	14,625,000
Unamortized debt issuance costs, net	(138,659)
	\$ 14,486,341

### Note 9 - Endowment

The Association's endowment includes one donor-restricted endowment fund for children's scholarships and certain unrestricted net asset funds designated by the Board of Directors (the Endowment). The Endowment assets are invested along with the Association's other investments (Note 4). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association's Board of Directors has interpreted the Utah Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Association retains in perpetuity (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts) and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization



### Investment and Spending Policies

The Association has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Actual returns in any given year vary. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Association has determined to spend \$5,000 from the earnings of the endowment retained in perpetuity each year. This amount, determined and adjusted from time to time by the Board of Directors, was effective during 2019 and 2018. In establishing this policy, the Association considered the long-term expected return on the endowment retained in perpetuity, and set the withdrawal amount with the objective of maintaining the purchasing power of the permanent endowment over time. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Association has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

As of December 31, 2019 and 2018, the Association had the following endowment net asset composition by type of fund:

<u>December 31, 2019</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 3,380,706	\$ -	\$ 3,380,706
Donor-restricted endowment funds			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	610,000	610,000
Accumulated investment gains	-	63,495	63,495
	<u>\$ 3,380,706</u>	<u>\$ 673,495</u>	<u>\$ 4,054,201</u>
<u>December 31, 2018</u>	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment	\$ 2,936,102	\$ -	\$ 2,936,102
Donor-restricted endowment funds			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	217,000	217,000
Accumulated investment gains	-	37,892	37,892
	<u>\$ 2,936,102</u>	<u>\$ 254,892</u>	<u>\$ 3,190,994</u>

Neighborhood House Association  
Notes to Consolidated Financial Statements  
December 31, 2019 and 2018

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Changes in Endowment net assets for the years ending December 31, 2019 and 2018 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Balance at December 31, 2017	\$ 3,227,926	\$ 161,180	\$ 3,389,106
Contributions / deposits	-	107,000	107,000
Appropriation of endowment assets pursuant to spending-rate policy	-	(5,000)	(5,000)
Distribution from board-designated endowment pursuant to distribution policy	(149,486)	-	(149,486)
Net investment return	<u>(142,338)</u>	<u>(8,288)</u>	<u>(150,626)</u>
Balance at December 31, 2018	2,936,102	254,892	3,190,994
Contributions / deposits	-	393,000	393,000
Appropriation of endowment assets pursuant to spending-rate policy	-	(23,307)	(23,307)
Distribution from board-designated endowment pursuant to distribution policy	(200,054)	-	(200,054)
Net investment return	<u>644,658</u>	<u>48,910</u>	<u>693,568</u>
Balance at December 31, 2019	<u>\$ 3,380,706</u>	<u>\$ 673,495</u>	<u>\$ 4,054,201</u>

**Note 10 - Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2019 and 2018, consist of:

	2019	2018
Subject to expenditure for specified purpose		
Adult programs	\$ -	\$ 31,500
Children’s day care program and scholarships	61,000	285,977
Capital improvements	6,495,167	6,213,359
Other projects	2,139	2,139
Rosenblatt earnings - children’s scholarships	63,495	37,892
	6,621,801	6,570,867
Subject to the passage of time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	-	30,000
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation		
Children scholarships	110,000	110,000
General use	500,000	490,311
	610,000	600,311
	\$ 7,231,801	\$ 7,201,178

*Endowment - Perpetual in Nature*

Net assets with donor restrictions that are perpetual in nature consist of the Rosenblatt Endowment Fund and the Dumke Endowment Fund, which are endowment fund restricted by donors for investment in perpetuity and held for the benefit of the Association. The Rosenblatt Endowment Fund earnings are restricted to provide scholarships for children in the Association’s Children’s Day Care program. The Dumke Endowment Fund earnings are not restricted by the donor and are appropriated by the board at the end of each year to be used for general use.

**Note 11 - Land Lease**

The Association is subject to a lease relating to land the Association owns in Duchesne County, Utah. Under the terms of the lease agreement, the Association is to receive a portion of the proceeds relating to the sale of oil and gas extracted from the property by the lessee. During the years ended December 31, 2019 and 2018, the Association recorded royalties – oil and gas totaling \$41,838 and \$0, respectively.

**Note 12 - New Markets Tax Credit**

In connection with the Association's efforts to build new facilities, the Association has partnered with LIHTC-NMTC 2017, LLC (NMTC Investor), and has obtained additional funding by utilizing the New Markets Tax Credit Program (NMTC). As part of the process to obtain NMTC funding, one tax-exempt entity was created (the Foundation).

The NMTC permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDE). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to 5% of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is 6% annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

As part of the NMTC transaction to finance the new building, the Foundation entered into note payable agreements with Alliance Finance Fund 6, LLC, the sub-CDE (the Lender), totaling \$9,974,400 (Loan A) and \$4,650,600 (Loan B) at December 31, 2019 and 2018 (see Note 8). These notes payable were funded to the Foundation by means of an investment made in Alliance Finance Fund 6, LLC, by Twain Investment Fund 68, LLC (Twain NMTC) (owned 100% by NMTC Investor). Twain NMTC has a promissory note payable to CDFA for \$9,974,400, representing the leveraged portion of the investment.

In addition and as part of the terms of the notes payable to Alliance Finance Fund 6, LLC, the lender has an option to accelerate the repayment of Loan B (see Note 8). If the lender accelerates the repayment of the note, the amount due will be (i) the outstanding balance of Loan A, (ii) \$1,000, and (iii) any other amounts due under the notes payable including accrued interest, other than the principal balance of Loan B. The lender is not required to exercise its option under this agreement.

**Note 13 - Restatement Resulting from Change in Accounting Policy**

As disclosed in Note 1, the Association adopted the provisions of ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* as of January 1, 2019. Following is a summary of the effects of the change in accounting policy in the Association's December 31, 2018 consolidated statement of cash flow.

	As Previously Reported	Change in Accounting Principle	As Restated
Investing Activities			
Increase in restricted cash	\$ (9,784,334)	\$ 9,784,334	\$ -
Net Cash used for Investing Activities	(22,191,386)	9,784,334	(12,407,052)
Net Change in Cash and Cash Equivalents	557,604	(557,604)	-
Cash and Cash Equivalents, Beginning of Period	209,015	(209,015)	-
Cash and Cash Equivalents, End of Period	766,619	(766,619)	-
Net Change in Cash, Cash Equivalents, and Restricted Cash	-	10,341,938	10,341,938
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	-	209,015	209,015
Cash, Cash Equivalents, and Restricted Cash, End of Period	-	10,550,953	10,550,953

**Note 14 - Subsequent Events**

The Association has evaluated subsequent events through July 23, 2020, the date the consolidated financial statements were available to be issued.

**General Operations** - Subsequent to year-end, the outbreak of the novel Coronavirus pandemic, or Covid-19, has significantly increased risk and uncertainties in the global economy including the community in which the Association operates. The financial effect of Covid-19 on the Association is currently under evaluation.

The Association applied for and was granted a \$490,200 loan under the Paycheck Protection Program administered by a Small Business Administration approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months after the funding of the loan. The Association is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Association intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.

**Investments** - Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Association is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The Association's financial statements do not include adjustments to fair value that have resulted from these declines.



Supplementary Information  
December 31, 2019 and 2018

# Neighborhood House Association

Neighborhood House Association  
Consolidating Schedule of Financial Position  
December 31, 2019

	Association	Foundation	Eliminations	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 717,625	\$ 817,550	\$ -	\$ 1,535,175
Program and other receivables, net	513,788	-	-	513,788
Intercompany receivable	798,272	112,500	(910,772)	-
Prepaid expenses	3,591	-	-	3,591
Total current assets	2,033,276	930,050	(910,772)	2,052,554
Restricted cash	-	1,802,160	-	1,802,160
Unconditional promises to give restricted to long-term purposes	2,239,633	-	-	2,239,633
Investments (including endowment)	8,792,087	-	-	8,792,087
Note receivable	9,475,680	-	-	9,475,680
Property and equipment, net	420,804	12,703,484	-	13,124,288
	<u>\$ 22,961,480</u>	<u>\$ 15,435,694</u>	<u>\$ (910,772)</u>	<u>\$ 37,486,402</u>
<b>Liabilities and Net Assets</b>				
Current liabilities				
Accounts payable	\$ 39,829	\$ -	\$ -	\$ 39,829
Accrued expenses	32,510	-	-	32,510
Construction and development payable	-	1,148,015	(798,272)	349,743
Intercompany payable	112,500	-	(112,500)	-
Total current liabilities	184,839	1,148,015	(910,772)	422,082
Notes payable	-	14,486,341	-	14,486,341
Total liabilities	184,839	15,634,356	(910,772)	14,908,423
Net assets				
Without donor restrictions				
Undesignated	11,743,330	(12,902,146)	3,990,246	2,831,430
Designated by the Board for endowment	3,380,706	-	-	3,380,706
Invested in property and equipment	420,804	12,703,484	(3,990,246)	9,134,042
	<u>15,544,840</u>	<u>(198,662)</u>	<u>-</u>	<u>15,346,178</u>
With donor restrictions				
Purpose restrictions	6,621,801	-	-	6,621,801
Time-restricted for future periods	-	-	-	-
Perpetual in nature	610,000	-	-	610,000
	<u>7,231,801</u>	<u>-</u>	<u>-</u>	<u>7,231,801</u>
Total net assets	<u>22,776,641</u>	<u>(198,662)</u>	<u>-</u>	<u>22,577,979</u>
	<u>\$ 22,961,480</u>	<u>\$ 15,435,694</u>	<u>\$ (910,772)</u>	<u>\$ 37,486,402</u>

Neighborhood House Association  
Consolidating Schedule of Financial Position  
December 31, 2018

	Association	Foundation	Eliminations	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 743,811	\$ 22,808	\$ -	\$ 766,619
Program and other receivables, net	159,027	-	-	159,027
Unconditional promises to give	30,000	-	-	30,000
Intercompany receivable	23,048	-	(23,048)	-
Prepaid expenses	18,492	-	-	18,492
Total current assets	974,378	22,808	(23,048)	974,138
Restricted cash	-	9,784,334	-	9,784,334
Unconditional promises to give restricted to long-term purposes	2,944,613	-	-	2,944,613
Investments (including endowment)	7,756,855	-	-	7,756,855
Note receivable	9,475,680	-	-	9,475,680
Property and equipment, net	274,605	5,339,780	-	5,614,385
	<u>\$ 21,426,131</u>	<u>\$15,146,922</u>	<u>\$ (23,048)</u>	<u>\$ 36,550,005</u>
<b>Liabilities and Net Assets</b>				
Current liabilities				
Accounts payable	\$ 7,816	\$ -	\$ -	\$ 7,816
Accrued expenses	84,143	-	-	84,143
Construction and development payable	-	772,522	(23,048)	749,474
Total current liabilities	91,959	772,522	(23,048)	841,433
Notes payable	-	14,461,015	-	14,461,015
Total liabilities	91,959	15,233,537	(23,048)	15,302,448
Net assets				
Without donor restrictions				
Undesignated	10,922,287	(5,426,395)	-	5,495,892
Designated by the Board for endowment	2,936,102	-	-	2,936,102
Invested in property and equipment	274,605	5,339,780	-	5,614,385
	<u>14,132,994</u>	<u>(86,615)</u>	<u>-</u>	<u>14,046,379</u>
With donor restrictions				
Purpose restrictions	6,570,867	-	-	6,570,867
Time-restricted for future periods	30,000	-	-	30,000
Perpetual in nature	600,311	-	-	600,311
	<u>7,201,178</u>	<u>-</u>	<u>-</u>	<u>7,201,178</u>
Total net assets	21,334,172	(86,615)	-	21,247,557
	<u>\$ 21,426,131</u>	<u>\$15,146,922</u>	<u>\$ (23,048)</u>	<u>\$ 36,550,005</u>



Neighborhood House Association  
Consolidating Schedule of Activities  
Year Ended December 31, 2019

	<u>Association</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Revenue, Support, and Gains</b>				
Program income	\$ 1,248,758	\$ -	\$ -	\$ 1,248,758
Food service reimbursement	161,158	-	-	161,158
Royalties - oil and gas	41,838	-	-	41,838
Net investment return	768,606	-	-	768,606
Interest income	126,287	26,089	-	152,376
Other income	4,578	112,500	(112,500)	4,578
Grants and contributions	2,402,646	-	-	2,402,646
In-kind contributions	18,399	-	-	18,399
Gross special events revenue	261,182	-	-	261,182
Less cost of direct benefit to donors	(23,680)	-	-	(23,680)
Net special events revenue	237,502	-	-	237,502
Total revenue, support and gains	<u>5,009,772</u>	<u>138,589</u>	<u>(112,500)</u>	<u>5,035,861</u>
<b>Expenses and Losses</b>				
Program services expenses				
Children's Day Care	2,212,034	245,895	(112,500)	2,345,429
Adult Day Services	743,729	1,664	-	745,393
Total program services expenses	<u>2,955,763</u>	<u>247,559</u>	<u>(112,500)</u>	<u>3,090,822</u>
Supporting services expenses				
Management and general	411,496	3,077	-	414,573
Fundraising	200,044	-	-	200,044
Total supporting services expenses	<u>611,540</u>	<u>3,077</u>	<u>-</u>	<u>614,617</u>
Total expenses and losses	<u>3,567,303</u>	<u>250,636</u>	<u>(112,500)</u>	<u>3,705,439</u>
Change in Net Assets	1,442,469	(112,047)	-	1,330,422
Net Assets, Beginning of Year	<u>21,334,172</u>	<u>(86,615)</u>	<u>-</u>	<u>21,247,557</u>
Net Assets, End of Year	<u>\$ 22,776,641</u>	<u>\$ (198,662)</u>	<u>\$ -</u>	<u>\$ 22,577,979</u>

Neighborhood House Association  
Consolidating Schedule of Activities  
Year Ended December 31, 2018

	<u>Association</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Revenue, Support, and Gains</b>				
Program income	\$ 1,153,998	\$ -	\$ -	\$ 1,153,998
Food service reimbursement	169,723	-	-	169,723
Net investment return	(101,576)	-	-	(101,576)
Interest income	65,757	30,216	-	95,973
Other income	11,598	-	-	11,598
Grants and contributions	10,677,991	-	-	10,677,991
In-kind contributions	20,950	-	-	20,950
Gross special events revenue	369,506	-	-	369,506
Less cost of direct benefit to donors	(26,315)	-	-	(26,315)
Net special events revenue	343,191	-	-	343,191
Total revenue, support and gains	12,341,632	30,216	-	12,371,848
<b>Expenses and Losses</b>				
Program services expenses				
Children's Day Care	1,850,315	-	-	1,850,315
Adult Day Services	589,888	-	-	589,888
Total program services expenses	2,440,203	-	-	2,440,203
Supporting services expenses				
Management and general	330,793	-	-	330,793
Fundraising	182,112	-	-	182,112
Total supporting services expenses	512,905	-	-	512,905
Loss on disposal of property and equipment	393,349	-	-	393,349
Total expenses and losses	3,346,457	-	-	3,346,457
Change in Net Assets	8,995,175	30,216	-	9,025,391
Net Assets, Beginning of Year	12,222,166	-	-	12,222,166
Transfer of Net Assets	116,831	(116,831)	-	-
Net Assets, End of Year	<u>\$ 21,334,172</u>	<u>\$ (86,615)</u>	<u>\$ -</u>	<u>\$ 21,247,557</u>