

# CARPENTER'S SHELTER

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018



*Certified Public Accountants*

## Table of Contents

### Independent Auditor's Report

### Financial Statements

Statements of Financial Position.....	5
Statements of Activities.....	6 - 7
Statements of Functional Expenses.....	8 - 9
Statements of Cash Flows.....	10
Notes to Financial Statements.....	11 - 18
<b>Supplementary information</b> .....	19
Schedule of Functional Expenses with Federal Form 990 Reconciliation.....	20



*Certified Public Accountants*

## **Independent Auditor's Report**

To the Board of Directors  
**Carpenter's Shelter**

We have audited the accompanying financial statements of **Carpenter's Shelter** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 **Carpenter's Shelter** as of June 30, 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses with federal Form 990 reconciliation on Page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kositzka, Wicks and Company*

Alexandria, Virginia  
January 6, 2020

# Carpenter's Shelter

## Statements of Financial Position June 30,

**2019****2018****Assets****Current assets**

Cash and cash equivalents	\$ 428,918	\$ 194,903
Restricted cash - residents' account	6,993	10,038
Accounts and grants receivable	30,798	41,819
Contributions receivable, short-term	286,022	71,967
Prepaid expenses	28,411	25,542
Certificates of deposit	130,243	102,841
Investments	3,082,919	1,891,882
	<u>3,994,304</u>	<u>2,338,992</u>

**Noncurrent assets**

Contributions receivable, long-term	109,903	68,588
Future Shelter cost, prepaid	5,214,043	-
Property, held for sale	-	2,246,456
Property and equipment, net accumulated depreciation	668,166	1,332,087
	<u>5,992,112</u>	<u>3,647,131</u>

Total assets

\$ 9,986,416      \$ 5,986,123**Liabilities and net assets****Current liabilities**

Accounts payable	\$ 5,630	\$ 241,011
Accrued salaries and benefits	103,393	99,757
Deferred revenue	-	5,000
Residents' account	6,993	10,038
Total liabilities	<u>116,016</u>	<u>355,806</u>

**Net assets**

Without donor restrictions	9,428,795	5,482,367
With donor restrictions	441,605	147,950
Total net assets	<u>9,870,400</u>	<u>5,630,317</u>
Total liabilities and net assets	<u>\$ 9,986,416</u>	<u>\$ 5,986,123</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Carpenter's Shelter

## Statement of Activities for the year ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
<b>Support and revenue</b>			
Contributions	\$ 1,202,567	\$ 775,531	\$ 1,978,098
Donated services and meals	201,745	-	201,745
Grants			
State shelter support	662,877	-	662,877
Other	167,115	25,000	192,115
Investment income, net	109,991	-	109,991
Special events, net direct expenses of \$18,571	72,839	-	72,839
Net assets released from restrictions	506,876	(506,876)	-
Total support and revenue	<u>2,924,010</u>	<u>293,655</u>	<u>3,217,665</u>
<b>Expenses</b>			
Shelter services	1,605,018	-	1,605,018
Management and general	254,364	-	254,364
Fundraising	469,471	-	469,471
	<u>2,328,853</u>	<u>-</u>	<u>2,328,853</u>
<b>Net change in net assets from operating activities</b>	595,157	293,655	888,812
<b>Other income and expense</b>			
Gain on sale of building	4,003,901	-	4,003,901
Depreciation - temporary location	(652,630)	-	(652,630)
	<u>3,351,271</u>	<u>-</u>	<u>3,351,271</u>
<b>Change in net assets</b>	3,946,428	293,655	4,240,083
<b>Net assets, beginning of year</b>	5,482,367	147,950	5,630,317
<b>Net assets, end of year</b>	<u>\$ 9,428,795</u>	<u>\$ 441,605</u>	<u>\$ 9,870,400</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Carpenter's Shelter

## Statement of Activities for the year ended June 30, 2018

	Without donor restrictions	With donor restrictions	Total
<b>Support and revenue</b>			
Contributions	\$ 799,444	\$ 147,950	\$ 947,394
Donated services and meals	177,422	-	177,422
Grants			
State shelter support	507,935	-	507,935
Other	276,788	-	276,788
Investment income, net	224,773	-	224,773
Special events, net direct expenses of \$31,843	112,178	-	112,178
Net assets released from restrictions	47,600	(47,600)	-
Total support and revenue	<u>2,146,140</u>	<u>100,350</u>	<u>2,246,490</u>
<b>Expenses</b>			
Shelter services	1,646,710	-	1,646,710
Management and general	237,113	-	237,113
Fundraising	428,022	-	428,022
Total expenses	<u>2,311,845</u>	<u>-</u>	<u>2,311,845</u>
<b>Change in net assets</b>	(165,705)	100,350	(65,355)
<b>Net assets, beginning of year</b>	5,648,072	47,600	5,695,672
<b>Net assets, end of year</b>	<u>\$ 5,482,367</u>	<u>\$ 147,950</u>	<u>\$ 5,630,317</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

## Carpenter's Shelter

### Statement of Functional Expenses for the year ended June 30, 2019

Expenses	Shelter services	Supporting services		Total expenses
		Management and general	Fundraising	
Accounting fees	\$ -	\$ 33,400	\$ -	\$ 33,400
Banking and credit card fees	-	1,181	8,298	9,479
Conference and meetings	449	1,509	1,658	3,616
Depreciation	598,857	31,887	33,174	663,918
Direct fundraising expenses	-	-	18,571	18,571
Donated meals and materials	171,785	-	-	171,785
Donated services	21,960	8,000	-	29,960
Dues and subscriptions	-	2,492	809	3,301
Employee benefits	64,499	18,973	13,598	97,070
Food and dining supplies	23,048	-	-	23,048
Fundraising supplies and expenses	104	435	101,349	101,888
Insurance	13,465	4,251	748	18,464
Office supplies	537	4,036	526	5,099
Payroll taxes	61,240	9,366	16,678	87,284
Personnel	852,421	73,760	231,282	1,157,463
Postage	105	645	13,572	14,322
Printing	2,139	946	30,563	33,648
Professional and other fees	-	32,161	8,840	41,001
Real estate taxes	-	13,982	-	13,982
Rent and lease costs	21,600	1,200	1,200	24,000
Repairs and maintenance	54,081	10,334	2,245	66,660
Resident activities and supplies	25,669	-	-	25,669
Retirement contributions	7,405	2,827	2,189	12,421
Scholarship expense	15,067	-	-	15,067
Short-term rental subsidies	216,864	-	-	216,864
Software and information technology	2,861	17,765	26,560	47,186
Telephone	4,315	1,441	1,441	7,197
Transportation	5,037	-	-	5,037
Travel	12,845	108	384	13,337
Utilities	27,522	7,863	3,932	39,317
<b>Total expenses by function</b>	<b>2,203,875</b>	<b>278,562</b>	<b>517,617</b>	<b>3,000,054</b>
<b>Less expenses included on the statement of activities</b>				
Depreciation - temporary location	(598,857)	(24,198)	(29,575)	(652,630)
Direct fundraising expenses	-	-	(18,571)	(18,571)
	<u>(598,857)</u>	<u>(24,198)</u>	<u>(48,146)</u>	<u>(671,201)</u>
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 1,605,018</b>	<b>\$ 254,364</b>	<b>\$ 469,471</b>	<b>\$ 2,328,853</b>

The accompanying independent auditor's report and notes are an integral part of the financial statements.



## Carpenter's Shelter

### Statement of Functional Expenses for the year ended June 30, 2018

Expenses	Shelter services	Supporting services		Total expenses
		Management and general	Fundraising	
Accounting fees	\$ 11,075	\$ 7,764	\$ 2,797	\$ 21,636
Bad debt expense	-	7,395	-	7,395
Banking and credit card fees	-	477	7,580	8,057
Conference and meetings	1,161	818	189	2,168
Depreciation	50,480	-	-	50,480
Direct fundraising expenses	-	-	31,843	31,843
Donated meals	127,460	11,897	-	139,357
Donated services	26,005	12,060	-	38,065
Dues and subscriptions	50	724	437	1,211
Employee benefits	86,987	3,346	21,189	111,522
Food and dining supplies	20,711	-	-	20,711
Fundraising supplies and expenses	1,029	-	87,983	89,012
Insurance	14,637	2,146	771	17,554
Office supplies	2,643	15,428	2,036	20,107
Payroll taxes	54,826	14,104	16,972	85,902
Personnel	897,054	17,117	224,817	1,138,988
Postage	18	431	3,836	4,285
Printing	3,791	3,264	20,906	27,961
Professional and other fees	-	79,390	750	80,140
Real estate taxes	40,162	6,480	2,293	48,935
Repairs and maintenance	61,120	41,950	1,865	104,935
Resident activities	22,746	-	-	22,746
Resident supplies	7,212	-	-	7,212
Retirement contributions	9,951	1,875	2,052	13,878
Scholarship expense	17,948	-	-	17,948
Short-term rental subsidies	113,508	-	-	113,508
Software and information technology	9,421	5,180	26,310	40,911
Telephone	9,062	2,791	2,736	14,589
Transportation	1,893	-	-	1,893
Travel and entertainment	7,053	86	156	7,295
Utilities	48,707	2,390	2,347	53,444
<b>Total expenses by function</b>	<b>1,646,710</b>	<b>237,113</b>	<b>459,865</b>	<b>2,343,688</b>
<b>Less expenses included with revenues on the statement of activities</b>				
Direct fundraising expenses	-	-	(31,843)	(31,843)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 1,646,710</b>	<b>\$ 237,113</b>	<b>\$ 428,022</b>	<b>\$ 2,311,845</b>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

## Carpenter's Shelter

### Statements of Cash Flows for the year ended June 30,

2019

2018

#### Cash flows from operating activities

Change in net assets	\$ 4,240,083	\$ (65,355)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	663,918	50,480
Sale of donated stock	66,224	80,955
Realized and unrealized gain on investments	(64,296)	(182,493)
Gain on sale of building	(4,003,901)	-
(Increase) decrease in operating assets		
Restricted cash - residents' account	3,045	(5,323)
Accounts and grants receivable	11,021	(11,440)
Contributions receivable	(224,434)	(140,555)
Prepaid expenses	(2,869)	8,584
Increase (decrease) in operating liabilities		
Accounts payable	(235,381)	199,373
Accrued salaries and benefits	3,636	2,377
Deferred revenue	(5,000)	5,000
Residents' account	(3,045)	5,323
Net cash provided by (used in) operating activities	<u>449,001</u>	<u>(53,074)</u>

#### Cash flows from investing activities

Purchase of investments and reinvestments	(1,192,965)	(40,481)
Reinvested interest on certificates of deposit	(27,402)	(968)
Proceeds from sale of investments	-	1,189,953
Proceeds from sale of building	1,005,381	-
Purchase of property and equipment	-	(1,295,615)
Net cash used in investing activities	<u>(214,986)</u>	<u>(147,111)</u>

#### Net change in cash and cash equivalents

234,015 (200,185)

#### Cash and cash equivalents - beginning of year

194,903 395,088

#### Cash and cash equivalents - end of year

\$ 428,918 \$ 194,903

#### Supplemental disclosure of cash flow information

Cash paid for interest	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying independent auditor's report and notes are an integral part of the financial statements.

# Carpenter's Shelter

## Notes to Financial Statements June 30, 2019 and 2018

---

### 1. Organization and purpose

The Carpenter's Shelter (the Shelter) was established in 1988 as a 24-hour shelter to respond to the growing need for temporary emergency housing for homeless families and individuals primarily in the Alexandria, Virginia area. Since 1988, the Shelter has evolved to include comprehensive programs and services that promote self-sufficiency for families and individuals in an environment of dignity and caring. The Shelter's major sources of revenue are contributions and grants.

### 2. Significant accounting policies

#### Basis of accounting

Carpenter's Shelter prepares its financial statements on the accrual basis of accounting. In accordance with this method of accounting, payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. 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 are not recognized until the conditions on which they depend have been substantially met.

#### Financial statement presentation

Carpenter's Shelter is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are available for use in general operations. Net assets with donor restrictions generally result from assets donated with restrictions that are temporary in nature, such as those met by the passage of time or other events specified by the donor. At June 30, 2019 and 2018, the Shelter had \$441,605 and \$147,950 in net assets with donor restrictions.

#### Cash and cash equivalents

For purposes of the statement of cash flows, Carpenter's Shelter considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. It is the Shelter's policy not to classify cash and cash equivalents held in investment accounts and certificates of deposit as cash and cash equivalents.

Carpenter's Shelter maintains cash in bank accounts which may, at times, exceed federally insured limits. Carpenter's Shelter has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. FDIC insurance is \$250,000 per depositor, per insured bank. As of June 30, 2019 and 2018, amounts held by Carpenter's Shelter did not exceed FDIC insurance coverage.

#### Restricted cash - residents' account

The Shelter maintains a separate cash escrow account in which funds are held on behalf of residents. These funds are exclusively held for the residents and are not available to pay the Shelter's expenses. The Shelter holds these funds for residents until their departure from the Shelter or upon request to withdraw funds while in the Shelter. At June 30, 2019 and 2018, residents' funds held were \$6,993 and \$10,038, respectively.

#### Receivables

Accounts and grants receivable are due within one year and are measured at the amount management expects to collect from balances at year-end. Annually, management determines if an allowance for doubtful accounts is necessary based on a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluation and specific circumstances of the parties involved.

See independent auditor's report.

# Carpenter's Shelter

## Notes to Financial Statements June 30, 2019 and 2018

---

Contributions receivable consist of unconditional promises to give, collectible generally over a three-year period. A "New Heights" capital campaign was established in 2018 to pay for the capital costs associated with the temporary and permanent location, as well as start-up costs related to permanent supportive housing and to seed an innovation fund that will test new and different approaches to more effectively ending homelessness for those served. If pledges are expected to be collected in less than one year, they are considered short-term and recorded at the estimated amount to be ultimately realized. If pledges are to be paid to the Shelter over a period of years, they are considered long-term and recorded at the present value of their estimated cash flows using the prime rate as of the fiscal year-end in the year of the donation. A discount on the pledges receivable has not been recorded due to the immaterial nature of the discount. For the years ended June 30, 2019 and 2018, management provides for potential uncollectible amounts through an allowance for uncollectible accounts based on historical collection experience.

### **Certificates of deposit**

At June 30, 2019 and 2018, the Shelter held certificates of deposit with original maturity dates greater than a period of ninety days that are carried at amortized cost. Interest earned on certificates of deposit is included in the accompanying statements of activities. These certificates of deposit do not qualify as securities as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, Investments – Debt and Equity Securities. Therefore, these investments are not included in the fair value disclosures required by FASB ASC 820, Fair Value Measurements and Disclosures.

### **Investments**

Investments are stated at fair value based on quoted market prices. Unrealized gains and losses are included in investment income in the statement of activities.

The Shelter invests in a professionally managed portfolio. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

### **Property and equipment**

Property and equipment is recorded at cost, or at estimated fair market value if donated, and is depreciated on a straight-line basis over the estimated lives of the assets. The Shelter capitalizes all property, building, and equipment with a cost of \$3,000 or more. Significant renewals or betterments are capitalized. Maintenance and repairs are expensed as incurred.

### **Compensated absences**

Employees of Carpenter's Shelter are entitled to paid vacation depending on job classification, length of service and other factors. As of June 30, 2019 and 2018, compensated absences of \$52,084 and \$52,107, respectively, are included in accrued salaries and benefits on the accompanying statements of financial position.

### **Other financial assets and liabilities**

Financial assets with carrying values approximating fair value include cash and cash equivalents, restricted cash, accounts and grants receivable, contributions receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable, accrued salaries and benefits, deferred revenue and residents' account. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

See independent auditor's report.

# Carpenter's Shelter

## Notes to Financial Statements June 30, 2019 and 2018

---

### **Support and revenue**

Contributions received are measured at their fair values and are reported as an increase in net assets. The Shelter reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. The New Heights capital campaign has generated an influx of revenue with donor restrictions. This multi-year campaign relates to funding for the redevelopment of Carpenter's Shelter's facility and expansion of services.

### **Use of estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Shelter participates in federally assisted programs which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit in the future. Management estimates there are not material unallowable costs.

### **In-kind support**

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the 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 meals are recorded at fair value at the date of donation. The Shelter records donated professional services at the respective fair values of the services received. See Note 8 for additional information on donated services and meals.

### **Functional classification of expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supported services benefitted. A portion of general and administrative expenses that benefit multiple functional areas have been allocated across the programs and supporting services based on the proportion of time spent by personnel on each activity or use of building space. The allocated expenses include: depreciation, insurance, taxes, occupancy costs, other expenses, and telecommunications.

### **Income taxes**

Carpenter's Shelter is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. There was no unrelated business income for the years ended June 30, 2019 and 2018. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The material jurisdictions subject to potential examination by taxing authorities are the U.S. and Virginia. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on Carpenter's Shelter results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2016 through 2019.

See independent auditor's report.

# Carpenter's Shelter

## Notes to Financial Statements June 30, 2019 and 2018

---

### Recently adopted accounting pronouncements

The Shelter adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, Presentation of Financial Statements for Not-for-Profit Entities, modifying ASC 958. The change has been applied as of June 30, 2018 with no effect on beginning net assets.

### New accounting pronouncements

The FASB has issued Accounting Standards Update (ASU) 2014-09 (as amended by ASU 2015-14), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018. The Shelter adopted the standard on its effective date, which for the Shelter was July 1, 2019.

The FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance clarifies how entities will determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution and how they will determine whether a contribution is conditional. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Shelter adopted the standard on its effective date, which for the Shelter was July 1, 2019.

The FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows - Restricted Cash (Topic 230), which requires that restricted cash and cash equivalents be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The Shelter adopted the standard on its effective date, which for the Shelter was July 1, 2019.

The FASB has issued ASU 2016-02, which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms greater than 12 months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. The Shelter plans to adopt the standard on its effective date, which for the Shelter is July 1, 2022. The Shelter has not evaluated the impact of this statement.

### Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

### 3. Contributions receivable

The summary of information relative to the pledged capital campaign contributions as of June 30, 2019 was as follows:

	2019	2018
<i>Amounts due</i>		
In one year or less	\$ 281,627	\$ 71,967
Between one year and three years	134,978	75,983
Allowance for uncollectible pledges	(7,395)	(7,395)
	<u>\$ 409,210</u>	<u>\$ 140,555</u>

See independent auditor's report.

# Carpenter's Shelter

## Notes to Financial Statements June 30, 2019 and 2018

### 4. Investments and fair value measurements

The Shelter classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All of the Shelter's investments are classified as Level 1 on June 30, 2019 and 2018.

The Shelter's investment in money market funds is valued at cost plus accrued interest, which approximates fair value. Fixed income funds are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The fixed income funds held by Carpenter's Shelter are deemed to be actively traded. Level 1, fair market measurements were as follows for the years ended June 30, 2019 and 2018:

	Level 1 total 2019	Level 1 total 2018
Cash and money markets	\$ 162,948	\$ 200,475
Equities		
International Large Blend	439,601	249,523
Exchange traded funds		
Diversified Emerging Markets	260,550	146,715
Small Value	86,399	51,712
Small Growth	88,383	51,900
Mid-Cap Value	88,328	51,767
Mid-Cap Growth	89,689	51,326
Large Value	443,489	257,568
Large Growth	439,765	258,984
Fixed income		
Long-term bonds	149,091	86,343
Intermediate-term bonds	392,741	225,593
Short-term bonds	441,936	259,976
	<u>\$ 3,082,919</u>	<u>\$ 1,891,882</u>

### 5. Property, equipment and land

A summary of property and equipment for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018	Useful life
Temporary space improvements	\$ 1,305,261	\$ 1,305,261	2 years
Equipment	1,040	1,040	5 - 10 years
Furniture & fixtures	104,254	104,254	5 - 10 years
Computers and software	9,706	9,706	3 - 5 years
	<u>1,420,261</u>	<u>1,420,261</u>	
Less accumulated depreciation	<u>(752,095)</u>	<u>(88,174)</u>	
	<u>\$ 668,166</u>	<u>\$ 1,332,087</u>	

See independent auditor's report.

## Carpenter's Shelter

### Notes to Financial Statements June 30, 2019 and 2018

---

Depreciation expense for the years ended June 30, 2019 and 2018 was \$663,918 and \$50,480, respectively. Depreciation expense specifically related to the relocation and build out of the temporary location was \$652,622 and \$36,257 and is included in the total depreciation expense on the statement of functional expenses.

See Note 7 for information about the sale of the building.

#### 6. Donor restricted net assets

Donor restricted net assets are for specific events as well as for future periods. A summary of activity in donor restricted net assets as of June 30, 2019 and 2018 was as follows:

	<u>June 30, 2018</u>	<u>Contributions</u>	<u>Release of restrictions</u>	<u>June 30, 2019</u>
Capital campaign	\$ 147,950	\$ 775,531	\$ (506,876)	\$ 416,605
Various	-	25,000	-	25,000
	<u>\$ 147,950</u>	<u>\$ 800,531</u>	<u>\$ (506,876)</u>	<u>\$ 441,605</u>

	<u>June 30, 2017</u>	<u>Contributions</u>	<u>Release of restrictions</u>	<u>June 30, 2018</u>
Scholarship fund	\$ 16,350	\$ -	\$ (16,350)	\$ -
Capital campaign	-	147,950	-	147,950
Various	31,250	-	(31,250)	-
	<u>\$ 47,600</u>	<u>\$ 147,950</u>	<u>\$ (47,600)</u>	<u>\$ 147,950</u>

#### 7. Commitments and contingencies

In March 2017, the Shelter executed a purchase and sale agreement with Alexandria North Henry Limited Partnership (ANH), an entity affiliated with the Alexandria Housing Development Corporation (AHDC), to develop a new homeless shelter, ten permanent supportive housing units (PSH units), 87 affordable residential housing units (Residential Development), and an underground parking structure. Under the terms of the agreement, the Shelter sold its existing property to ANH for the agreed fair market value prior or simultaneous to the closing for construction financing. As a part of the development AHDC was awarded low income housing tax credits from the Virginia Housing Development Authority. The PSH units shall be owned by ANH; the Shelter has an option to purchase these units at the conclusion of the 15-year low-income-housing tax-compliance period for a price of \$10 per unit.

The existing property was sold to ANH for \$6,250,000 on October 12, 2018. As a part of the agreement, ANH retained \$5,214,043 of the proceeds and is held as construction in process until the building is completed. Management anticipates the construction to be completed and operational by June 2020.

In June of 2018, the Shelter moved to the temporary location and will pay \$2,000 a month for the use of the space. Subsequent to the year end, the lease term was extended through July 2020. The Shelter is expected to pay \$24,000 in the year ending June 30, 2020 and \$2,000 in the year ending June 30, 2021.

See independent auditor's report.



# Carpenter's Shelter

## Notes to Financial Statements June 30, 2019 and 2018

---

### 8. Donated services and meals

Carpenter's Shelter receives in-kind revenue from various sources. Professional services include donated medical services and accounting services. Donated services also included donated consulting services. Donated meals include the provision of three meals a day for residents of the Shelter. The value of the meals is estimated each month based on the number of days in the month and the average number of individuals served at each meal. Donated materials consist of donated office furniture that fell below the capitalization threshold and was reported as an expense. In-kind revenue is recorded at fair market value or estimated fair market value of services or good received. For the years ended June 30, 2019 and 2018, donated services, meals, and materials were as follows:

	<u>2019</u>	<u>2018</u>
Professional services	\$ 29,960	\$ 38,065
Donated meals	171,785	127,460
Donated materials	-	11,897
	<u>\$ 201,745</u>	<u>\$ 177,422</u>

During the years ended June 30, 2019 and 2018, there were approximately 6,287 hours and 10,115 hours, respectively, of volunteer time donated to the Shelter that are not recognized as contributions in the financial statements since the recognition criteria under accounting standards were not met.

Additionally, the Shelter received donated stock of \$66,224 and \$80,955 in the years ended June 30, 2019 and 2018, respectively. Donated stock is included in contributions on the statements of activities. In accordance with generally accepted accounting principles, donated stock that was converted to cash is reported as cash flows from operating activities on the statements of cash flows.

### 9. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at July 30, 2019:

Cash and cash equivalents	\$ 428,918
Accounts and grants receivable	30,798
Contributions receivable	281,627
Investments	3,082,919
Financial assets, at year end	<u>\$ 3,824,262</u>
Less amounts unavailable for general expenditures within one year due to:	
Donor-imposed restrictions	(441,605)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,382,657</u>

See independent auditor's report.

# Carpenter's Shelter

## Notes to Financial Statements June 30, 2019 and 2018

---

### 10. Retirement plan

The Shelter's management established a Salary Deferral Plan (the Plan) under Section 403(b) of the Internal Revenue Code effective January 1, 2000, covering employees who have completed one year of service and who are at least 21 years of age. The Plan is funded by voluntary contributions through salary reductions plus an employer match of 100 percent up to two percent of salary. The Plan also allows for a discretionary employer contribution for which the Shelter did not contribute during 2019 or 2018. The employer match contribution to the Plan, during the years ended June 30, 2019 and 2018 was \$12,421 and \$13,878, respectively.

### 11. Subsequent events

Carpenter's Shelter assessed events occurring subsequent to June 30, 2019 through January 6, 2020, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. Other than Note 7, no events have occurred that would require adjustment to or disclosure in the financial statements.

## **Supplementary information**

## Carpenter's Shelter

### Schedule of Functional Expenses with Federal Form 990 Reconciliation for the year ended June 30, 2019

Expenses	Shelter services	Supporting services		Total expenses
		Management and general	Fundraising	
Accounting fees	\$ -	\$ 33,400	\$ -	\$ 33,400
Banking and credit card fees	-	1,181	8,298	9,479
Conference and meetings	449	1,509	1,658	3,616
Depreciation	598,857	31,887	33,174	663,918
Direct fundraising expenses	-	-	18,571	18,571
Donated meals and materials	171,785	-	-	171,785
Donated services	21,960	8,000	-	29,960
Dues and subscriptions	-	2,492	809	3,301
Employee benefits	64,499	18,973	13,598	97,070
Food and dining supplies	23,048	-	-	23,048
Fundraising supplies and expenses	104	435	101,349	101,888
Insurance	13,465	4,251	748	18,464
Office supplies	537	4,036	526	5,099
Payroll taxes	61,240	9,366	16,678	87,284
Personnel	852,421	73,760	231,282	1,157,463
Postage	105	645	13,572	14,322
Printing	2,139	946	30,563	33,648
Professional and other fees	-	32,161	8,840	41,001
Real estate taxes	-	13,982	-	13,982
Rent and lease costs	21,600	1,200	1,200	24,000
Repairs and maintenance	54,081	10,334	2,245	66,660
Resident activities and supplies	25,669	-	-	25,669
Retirement contributions	7,405	2,827	2,189	12,421
Scholarship expense	15,067	-	-	15,067
Short-term rental subsidies	216,864	-	-	216,864
Software and information technology	2,861	17,765	26,560	47,186
Telephone	4,315	1,441	1,441	7,197
Transportation	5,037	-	-	5,037
Travel	12,845	108	384	13,337
Utilities	27,522	7,863	3,932	39,317
	<u>2,203,875</u>	<u>278,562</u>	<u>517,617</u>	<u>3,000,054</u>
<b>Reconciling items to Form 990</b>				
<b>Part IX, Statement of Functional Expenses</b>				
Donated services	(21,960)	(8,000)	-	(29,960)
Direct fundraising expenses	-	-	(18,571)	(18,571)
Investment expenses	-	13,893	-	13,893
	<u>(21,960)</u>	<u>5,893</u>	<u>(18,571)</u>	<u>(34,638)</u>
<b>Total expenses</b>	<u>\$ 2,181,915</u>	<u>\$ 284,455</u>	<u>\$ 499,046</u>	<u>\$ 2,965,416</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.