

Fair Housing Center of West Michigan

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

FAIR HOUSING CENTER OF WEST MICHIGAN
GRAND RAPIDS, MICHIGAN
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fair Housing Center of West Michigan
Grand Rapids, Michigan

Report on the Financial Statements

I have audited the accompanying statements of financial position of the Fair Housing Center of West Michigan (a not-for-profit organization) as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, net assets, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Fair Housing Center of West Michigan as of December 31, 2020 and 2019, and the changes in its net assets, statement of activities, functional expenses and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "William T. Morgan CPA".

William Morgan, CPA

Morgan & Associates, CPAs, PC

Grand Rapids, Michigan
March 15, 2021

FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 719,972	\$ 797,680
Certificates of Deposit	818,657	552,887
TOTAL CASH AND CASH EQUIVALENTS	1,538,629	1,350,567
Grants and contracts receivable	199,192	206,011
Prepaid expenses	8,228	4,843
TOTAL CURRENT ASSETS	1,746,049	1,561,421
FIXED ASSETS		
Building	943,047	943,047
Equipment and furniture	163,188	146,287
	1,106,235	1,089,334
Less accumulated depreciation	(419,147)	(417,467)
TOTAL FIXED ASSETS	687,088	671,868
TOTAL ASSETS	\$ 2,433,137	\$ 2,233,289
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 33,652	\$ 14,190
Deferred revenue	12,750	23,550
TOTAL CURRENT LIABILITIES	46,402	37,740
COMMITMENTS AND CONTINGENCIES		
Net Assets without Donor Restrictions	2,386,735	2,195,548
Net Assets with Donor Restriction	-	-
TOTAL NET ASSETS	2,386,735	2,195,548
TOTAL LIABILITIES & NET ASSETS	\$ 2,433,137	\$ 2,233,289

FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
SUPPORT AND REVENUE		
U.S. HUD Fair Housing Initiatives Program	\$ 437,238	\$ 404,792
Professional services and settlements	140,359	153,352
Community Development		
Block Grants	157,548	156,845
Special events and memberships, net of expenses of \$2,208	19,111	14,537
Donations	57,610	14,600
Interest Income	8,090	7,563
	\$ 819,956	\$ 751,688
EXPENSES		
Program services:		
Fair Housing Services	650,888	587,296
Supporting Services:		
Management and general	66,906	67,125
Fundraising	16,187	9,385
	\$ 733,981	\$ 663,806
Other Revenue (Expense)		
PPP Loan	\$ 92,212	-
Gain on Sale of Vehicle	13,000	
Total Other Revenue	105,212	
CHANGE IN NET ASSETS	\$ 191,187	\$ 87,882

FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2020 AND 2019
(WITH COMPARATIVE TOTALS FOR 2019)

	2019			
	Management			Total
	Fair Housing Services	And General	Fundraising	
EXPENSES:				
Personnel expenses:				
Salaries	\$ 329,208	\$ 31,457	\$ 7,255	\$ 367,920
Employee benefits	67,819	2,213	-	70,032
Payroll taxes	26,121	2,195	555	28,871
TOTAL PERSONNEL EXPENSES	423,148	35,865	7,811	466,824
Depreciation	30,724	940	-	31,664
Professional services	24,876	8,602	-	33,478
Office supplies	8,590	7,243	108	15,941
Printing and postage	11,302	1,022	1,316	13,640
Professional development	14,072	3,602	-	17,674
Occupancy	21,802	-	-	21,802
Contract services	11,376	20	-	11,395
Tester and staff mileage	11,877	(662)	10	11,225
Telephone	9,578	743	140	10,461
Travel	1,600	7,379	-	8,979
Insurance	11,812	53	-	11,865
Equipment rental and maintenance	6,539	2,319	-	8,858
Miscellaneous	-	-	-	-
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSE	\$ 587,296	\$ 67,126	\$ 9,385	\$ 663,806

FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2020 AND 2019
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			Total
	Fair Housing Services	Management And General	Fundraising	
EXPENSES:				
Personnel expenses:				
Salaries	\$ 365,294	\$ 45,439	\$ 14,029	\$ 424,762
Employee benefits	72,691	3,243	-	75,934
Payroll taxes	28,465	3,002	1,133	32,600
TOTAL PERSONNEL EXPENSES	466,450	51,684	15,162	533,296
Depreciation	27,665	767	-	28,432
Professional services	33,010	5,780	-	38,790
Office supplies	35,323	1,650	-	36,973
Printing and postage	15,355	-	789	16,144
Professional development	9,427	387	-	9,814
Occupancy	19,448	-	-	19,448
Contract services	6,960	-	-	6,960
Tester and staff mileage	4,579	363	23	4,965
Telephone	11,970	340	213	12,523
Travel	-	2,148	-	2,148
Insurance	12,201	-	-	12,201
Equipment rental and maintenance	8,500	3,787	-	12,287
Miscellaneous	-	-	-	-
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSE	\$ 650,888	\$ 66,906	\$ 16,187	\$ 733,981

FAIR HOUSING CENTER OF WEST MICHIGAN
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDED
 DECEMBER 31, 2019 AND 2018

	2020	2019
NET ASSETS AT BEGINNING OF YEAR	\$ 2,195,548	\$ 2,107,666
Change in Net Assets	191,187	87,882
NET ASSETS AT END OF YEAR	\$ 2,386,735	\$ 2,195,548

FAIR HOUSING CENTER OF WEST MICHIGAN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 191,187	\$ 87,882
Adjustments to reconcile change in unrestricted net assets to net cash from operations:		
Depreciation	28,432	31,664
Changes in operating assets and liabilities:		
Grant Receivable	6,819	(18,580)
Prepaid Expenses	(3,385)	(193)
Accounts Payable and Accrued Expenses	19,462	4,247
Deferred Revenue	(10,800)	8,100
NET CASH USED BY OPERATING ACTIVITIES	\$ 231,715	\$ 113,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in fixed assets		
Gain on Sale of Vehicle	\$ (13,000)	
Vehicle	(30,653)	\$ (8,479)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (43,653)	\$ (8,479)
NET INCREASE/(DECREASE) IN CASH	188,062	104,641
CASH AT BEGINNING OF YEAR	1,350,567	1,245,926
CASH AT END OF YEAR	\$ 1,538,629	\$ 1,350,567

FAIR HOUSING CENTER OF WEST MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 – Summary of Significant Accounting Policies

ORGANIZATION – The Fair Housing Center of West Michigan (FHCWM) was established and incorporated in 1980. The FHCWM was established to ensure equal opportunities in housing in the West Michigan area. The organization receives a majority of its funding from Community Development grants or other Department of Housing and Urban Development funds which are administered by various government entities.

MISSION – The Fair Housing Center of West Michigan’s mission is to prevent and eliminate illegal housing discrimination and to ensure equal housing opportunity.

We achieve our objective through education, outreach, advocacy, and enforcement.

Our Guiding principle is to work with others to eliminate illegal housing discrimination and build an understanding of the value of fair housing through education, outreach, advocacy and enforcement.

BASIS OF PRESENTATION – 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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor 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. 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 - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 met.

Consequently, at December 31, 2020, contributions approximating \$12,750, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met. Of the total conditional contributions.

A portion of the Organization’s revenue is derived from cost-reimbursable state and local contracts and grants, which are conditioned upon certain performance requirements and/ or the

FAIR HOUSING CENTER OF WEST MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$0 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred, with an advance payment of \$0 recognized in the statement of financial position as a refundable advance.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Revenues are reported as increases in net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

CASH AND CASH EQUIVALENTS – For purposes of the financial statements, the Organization considers all unrestricted highly liquid investments to be cash equivalents. Certificates of deposit in the amounts of \$1,538,629 and \$1,350,567 are included in cash at December 31, 2020 and 2019, respectively. The certificates bear interest ranging from .10% to .95%, and have staggered maturities through August 2021, with penalties for early withdrawal.

Note 1 – Summary of Significant Accounting Policies - Continued

EQUIPMENT AND FURNITURE – Equipment and furniture are stated at cost, or if donated, recorded at the fair value at the date of gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

USE OF ESTIMATES – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenue and expenses. Actual results could differ from those estimates.

FAIR HOUSING CENTER OF WEST MICHIGAN
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

RECLASSIFICATIONS – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

INCOME TAX STATUS – The FHCWM is a not-for-profit organization exempt from federal income tax under Section 501 (c) 3 of the Internal Revenue Code. The Organizations Federal Form 990 returns for the years 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they are filed. Management believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. Accordingly, for all open years, the Organization has not recorded any reserves or related accruals for uncertain tax positions at December 31, 2020 or 2019.

FUNCTIONAL CLASSIFICATION OF EXPENSES – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of allocation
Salaries	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Depreciation	Square footage
Occupancy	Square footage

EXTRAORDINARY ITEMS – Generally, these are unusual and infrequent events, which are typically looked at as one time occurrences. There are two items that were placed here. Here’s a brief description of each of the items

PPP Loan – Payroll Protection Program Loan – This was a loan that was established by the SBA in an effort to provide relief to small business that retained their employees. The key element of the loan was the ability to have it forgiven after the organization provided evidence the loan amount was utilized for payroll and direct employee expenses. The first loan was applied and approved on April 3rd 2020 and was Forgiven December 28th, 2020. The total loan amount and forgiven amount was \$92,212.

EIDL – Full name: COVID-19 Economic Injury Disaster Loans – This loan provides economic relief to small businesses and nonprofit organizations that were currently experiencing a temporary loss of revenue. The loan was not taken but an advance grant was available due to the nationwide state of emergency issued by the President. \$6,000 was received and is not required to be paid back. It has no restrictions on it’s use.

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REVENUE AND REVENUE RECOGNITION - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

In accordance with the ASU, the organization has determined that no adjustments need to be made to the previously reported financial statements.

Note 2 – Availability of Financial Assets

Fair Housing Center of West Michigan financial assets available within one year of the balance sheet date for general expenditure are as follows:

Financial assets at year end:	2020
Cash and cash equivalents	\$ 719,972
Certificates of Deposit	818,657
Grant Receivable	199,192
Total financial assets	<u>\$ 1,737,821</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,737,821</u>

Note 3 – Community Development Block Grants

During 2020 and 2019 the FHCWM received Community Development grants from various governmental entities to provide services in the area of fair housing. The program fiscal period and program budget amounts are as follows:

FAIR HOUSING CENTER OF WEST MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

City of Grand Rapids	7/01/19 - 6/30/20	\$ 80,000
	7/01/20 - 6/30/21	\$ 80,000
City of Holland	7/01/19 - 6/30/20	\$ 10,000
	7/01/20 - 6/30/21	\$ 10,000
Kent County	7/01/19 - 6/30/20	\$ 40,000
	7/01/20 - 6/30/21	\$ 40,000
City of Wyoming	7/01/19 - 6/30/20	\$ 11,000
	7/01/20 - 6/30/21	\$ 11,250

Note 4 – Special Events

Since 1987, the FHCWM has held an annual luncheon. This annual event features a keynote speaker and workshops designed to promote education around fair housing.

Note 5 – Deferred Revenue

At December 31, 2020 and 2019, the Organization has received revenue for future time periods and has recorded those receipts as Deferred Revenue until the revenue is earned.

Note 6 - Commitments and Contingencies

Grant programs require fulfillment of certain conditions or compliance with contractual agreements. Failure to fulfill these conditions or comply with the required contracts could result in questioned or disallowed costs that the FHCWM might be required to return to the grantors. It is management's opinion that they have complied with all contractual requirements. Generally, an annual performance audit is required by the funders. There were no material findings in these performance audits for the year ended December 31, 2020 and 2019.

During the course of the year, the Organization may maintain cash balances at various financial institutions over the FDIC insured limits.

The Organization has a credit card with an available limit of \$9,000. There was no outstanding balance on this card at December 31, 2020 or 2019.

Note 7 – Net Assets with Donor Restrictions

The organization has no assets with Donor Restrictions

Note 8 - Retirement Plan

The Organization has adopted a retirement plan that is qualified under Section 401(k) of the Internal Revenue Code. The plan covers all employees of the Organization. During the years

FAIR HOUSING CENTER OF WEST MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 8 - Retirement Plan (cont)

2020 and 2019, the Organization matched employee contributions up to 7% of an employees' salary. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code if they wish. Plan expenses were \$22,108 and \$21,233 for the years ended December 31, 2020 and 2019, respectively.

Note 9 – Board Designated Net Assets

The organization has no assets with Board Designated Net Assets.

Note 10 – Subsequent Events

Subsequent events were evaluated through March 15, 2021, which is the date the financial statements were available to be issued.