

House of Neighborly Service

Financial Statements

June 30, 2018 & 2017



Edward Hamilton, CPA

Terri L. Hamilton, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
House of Neighborly Service
Loveland, Colorado

We have audited the accompanying financial statements of House of Neighborly Service (a Colorado nonprofit organization), which comprise the balance sheets as of June 30, 2018 and 2017, and the related statements of income, retained earnings, 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 House of Neighborly Service as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Source CPAs, LLC

Denver, Colorado
November 29, 2018

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HOUSE OF NEIGHBORLY SERVICE
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash & cash equivalents, unrestricted	\$ 100,957	\$ 253,980
Cash & cash equivalents, restricted	140,053	175,694
Investments	9,718	19,598
Unconditional promises to give	55,128	59,481
Current restricted promises to give	90	108,400
Long-term restricted promises to give less amortized discount of \$- and \$37,925	-	219,115
Inventory	33,322	39,995
Accounts receivable	10,974	6,577
Prepaid expenses	45,265	25,155
Settlement closing costs, net	4,431	4,993
Property and equipment, net	7,221,225	7,213,370
Total Assets	\$ 7,621,163	\$ 8,126,357
 LIABILITIES		
Accounts payable	\$ 84,961	\$ 19,996
Payroll taxes payable	2,992	3,757
Accrued vacations	21,180	25,676
Accrued interest payable	3,006	3,213
Agency deposits	3,913	8,137
Accrued liabilities	9,624	7,113
Long-term notes payable	2,545,902	2,721,887
Total Liabilities	2,671,577	2,789,779
 NET ASSETS		
Unrestricted	4,754,315	4,778,887
Temporarily restricted	195,271	557,691
Total Net Assets	4,949,586	5,336,579
Total Liabilities and Net Assets	\$ 7,621,163	\$ 8,126,357

See accompanying notes and independent auditor's report

HOUSE OF NEIGHBORLY SERVICE
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018	2017
UNRESTRICTED NET ASSETS		
Support		
Private donations	\$ 357,079	\$ 628,171
United Way designations for current year	21,062	19,274
Trusts & foundations	169,327	391,254
Client payments	5,964	4,474
Interest, dividend & partnership income	743	826
In kind donations	551,394	134,032
Rental income	39,647	19,549
Fund raising, net	207,163	192,506
	1,352,379	1,390,087
Net assets released from restrictions	341,658	(350,597)
Total unrestricted support and reclassifications	1,694,037	1,039,490
Expenses		
Program services	1,722,627	1,496,446
Supporting services	281,256	292,967
Fund Raising	448,108	193,061
Total expenses	2,451,991	1,982,474
OTHER INCOME AND EXPENSES		
Shared space income	109,503	124,396
Shared space expense	(181,551)	(171,048)
Realized gain (loss)	(10,052)	109
Unrealized gain(loss)	(84)	534
Net other income	(82,184)	(46,009)
Increase (decrease) in unrestricted net assets	(840,138)	(988,993)
TEMPORARILY RESTRICTED NET ASSETS		
EOC	-	-
Emergency fund	122,535	146,385
Building purchase & remodel	159,190	125,347
Government assistance	207,718	78,848
Trusts & foundations	266,243	293,937
Gift Cards	3,196	2,306
Individuals	35,921	35,921
Net assets (released) under from restrictions	(341,658)	350,597
Increase (Decrease) in temporarily restricted net assets	453,145	1,033,342
Increase in net assets	(386,993)	44,348
Net assets at beginning of year	5,336,579	5,292,231
Net assets at end of year	\$ 4,949,586	\$ 5,336,579

See accompanying notes and independent auditor's report

HOUSE OF NEIGHBORLY SERVICE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Service	Support Service	Fund Raising	Total Expenses 2018
Salaries, payroll taxes and benefits	\$ 656,648	\$ 107,459	\$ 103,901	868,008
Food and shelter expense	616,995	-	-	616,995
Clothing	4,218	-	-	4,218
Other assistance	139,164	-	-	139,164
Amortization	-	562	-	562
Insurance	40,911	9,392	-	50,303
Utilities and telephone	57,892	9,474	9,160	76,526
Office supplies and expense	28,551	4,672	4,517	37,740
Repairs and maintenance	54,384	12,484	-	66,868
Professional services	4,672	1,072	-	5,744
Other	7,691	5,255	-	12,946
Fees	10,750	2,468	-	13,218
Volunteer expense	7,134	-	-	7,134
Promotion	-	-	100,071	100,071
Dues and subscriptions	3,104	712	-	3,816
Interest	38,086	53,736	-	91,822
Bad debts	-	-	230,459	230,459
	<u>1,670,200</u>	<u>207,286</u>	<u>448,108</u>	<u>2,325,594</u>
Depreciation	<u>52,427</u>	<u>73,970</u>	<u>-</u>	<u>126,397</u>
Total expenses	<u><u>\$ 1,722,627</u></u>	<u><u>\$ 281,256</u></u>	<u><u>\$ 448,108</u></u>	<u><u>\$ 2,451,991</u></u>

See accompanying notes and independent auditor's report

HOUSE OF NEIGHBORLY SERVICE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	<u>Program Service</u>	<u>Support Service</u>	<u>Fund Raising</u>	<u>Total Expenses 2017</u>
Salaries, payroll taxes and benefits	\$ 571,167	\$ 117,836	\$ 146,889	835,892
Food and shelter expense	570,697	-	-	570,697
Clothing	5,714	-	-	5,714
Other assistance	158,885	-	-	158,885
Amortization	1,119	562	-	1,681
Insurance	27,785	10,291	-	38,076
Utilities and telephone	30,199	7,019	11,627	48,845
Office supplies and expense	25,159	5,559	3,135	33,853
Repairs and maintenance	30,337	12,396	-	42,733
Professional services	5,311	1,734	-	7,045
Other	5,372	5,386	-	10,758
Fees	10,598	3,460	-	14,058
Volunteer expense	6,320	-	-	6,320
Promotion	-	-	31,410	31,410
Dues and subscriptions	2,435	795	-	3,230
Interest	34,307	59,365	-	93,672
	<u>1,485,405</u>	<u>224,403</u>	<u>193,061</u>	<u>1,902,869</u>
Depreciation	<u>11,041</u>	<u>68,564</u>	<u>-</u>	<u>79,605</u>
Total expenses	<u>\$ 1,496,446</u>	<u>\$ 292,967</u>	<u>\$ 193,061</u>	<u>\$ 1,982,474</u>

HOUSE OF NEIGHBORLY SERVICE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ (386,993)	\$ 44,348
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation/amortization	136,562	118,644
Decrease in investments	9,879	(831)
(Increase)/decrease in all promises to give	331,778	114,535
Decrease/(increase) in inventory	6,673	(1,968)
(Increase) in prepaid expenses	(20,110)	(5,384)
Decrease/(increase) in accounts receivable	(4,397)	7,793
Decrease in interest receivable	-	-
Decrease/(increase) in deposits	-	500
Increase/(decrease) in accounts payable	64,965	(3,132)
Increase in accrued vacations	(4,496)	2,061
(Decrease)/increase in accrued interest payable	(207)	(199)
Increase/(decrease) in payroll taxes payable	(765)	(6,959)
Increase/(decrease) in agency deposits	(4,223)	5,775
Increase in accrued liabilities	2,511	(30,223)
Increase/(decrease) in flood recovery	-	-
Net cash provided by operating activities	131,176	244,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Settlement costs	562	561
Sale & disposal of assets, net	-	-
Purchase of property and equipment	(144,416)	(380,751)
Net cash used by investing activities	(143,854)	(380,190)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	-
Payments on notes payable	(175,985)	(167,924)
Net cash provided by financing activities	(175,985)	(167,924)
Increase in cash and cash equivalents	(188,664)	(303,154)
Beginning cash and cash equivalents	429,674	732,828
Ending cash and cash equivalents	\$ 241,010	\$ 429,674

See accompanying notes and independent auditor's report

HOUSE OF NEIGHBORLY SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

House of Neighborly Service (the Organization) is a nonprofit Corporation serving people living in the Loveland and Berthoud, Colorado areas. The Organization addresses critical needs and strives to prevent further crisis by effectively and compassionately assisting, without discrimination, vulnerable individuals while maintaining accountability and dignity. The Organization's goal is to diminish hunger and the effects of poverty among residents of the Thompson R2J School District. The Organization is supported primarily through donor contributions, grants.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

During the year the Organization had a donor decide to no longer honor a promise to give for the remainder of the term. The Organization took the remainder of the promise to give to bad debt expense in the amount of \$230,459. Organization does not have an allowance for uncollectible unconditional promises receivable because all receivables are considered 100% collectible.

Inventories

Recorded inventory consists of food items to be distributed to clients, recorded at cost or estimated market value if donated. Inventory is valued at an estimated average cost of \$33,322 and \$39,995 recorded at \$1.68 per pound on June 30, 2018 and 2017.

The Organization receives numerous donations of items of clothing during the year. These items are not reflected in the financial statements because the value cannot be readily substantiated.

Estimates

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

Property and Equipment

Donations of property and equipment are recorded at their estimated fair value as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Purchased property and equipment are recorded at cost. Depreciation expense of \$136,562 and \$118,664 for 2018 and 2017 is computed using the straight-line method over the estimated useful lives of the respective assets. Accumulated depreciation is \$528,853 and \$392,291 at June 30, 2018 and 2017. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Functional Expenses

Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

HOUSE OF NEIGHBORLY SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents

Unrestricted cash consists of the general checking account and petty cash. Cash equivalents consist of certificates of deposit, money market accounts and an endowment fund. For purposes of the statements of cash flows, these highly liquid investments available for current use are considered to be cash equivalents.

Restricted cash is money, which has been designated by the grantor or donor for a specified use and is not to be used for general operating purposes. Total restricted cash at June 30, 2018 and 2017 is \$140,053 and \$175,694. Of those amounts, funds restricted for client assistance consists of the emergency fund, flood recovery, EFSP fund and gift certificates all totaling \$34,950 and \$70,217 at the years ended June 30, 2017 and 2016. Funds restricted for the purchase of property and equipment total \$105,921 and \$105,723 at year end June 30, 2018 and 2017.

NOTE B – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are deemed to be fully collectible by management within one year except the R.C. Christiansen Remainder Trust which is to be received upon death of his wife and children. Fair market value of this promise cannot be accurately determined due to the uncertainty. Unconditional promises to give are composed of the following amounts due at June 30, 2018 and 2017:

	<u>6/30/18</u>	<u>6/30/17</u>
City of Loveland - HSC	\$ 26,443	\$ -
City of Loveland HAND	6,000	5,600
United Way	4,250	3,750
R.C. Christiansen Remainder Trust	5,000	5,000
City of Loveland – CDBG	-	27,291
El Pomar Foundation	2,500	-
Realities for Children	6,000	5,240
EOC Grant	<u>4,935</u>	<u>12,600</u>
	<u>\$ 55,128</u>	<u>\$ 59,481</u>

NOTE C – CURRENT & LONG-TERM RESTRICTED PROMISES TO GIVE

The Organization purchased a new building on December 28, 2012 and is in the process of remodeling it to better suit the Organization's needs. The Organization received several current and long-term promises to give from individuals, a local government, foundations and trusts. All promises to give are specifically designated to help pay for the costs of purchase and renovation of the new building. During the year end June 30, 2018 a foundation decided to discontinue their pledge for long term restricted promises to give. Current and long-term restricted promises to give, net of discount, are composed of the following amounts:

For the year ended June 30, 2018:

	<u>Current</u>	<u>Long-term</u>
Individuals & Businesses	\$ 90	\$ -
Foundations & Trusts	<u>-</u>	<u>-</u>
	\$ 90	\$ -
Amortization	<u>-</u>	<u>-</u>
Net Restricted Promises to Give	<u>\$ 90</u>	<u>\$ -</u>

HOUSE OF NEIGHBORLY SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE C – CURRENT & LONG-TERM RESTRICTED PROMISES TO GIVE (continued):

For the year ended June 30, 2017:

	<u>Current</u>	<u>Long-term</u>
Individuals & Businesses	\$ 8,400	\$ 7,040
Foundations & Trusts	<u>100,000</u>	<u>250,000</u>
	\$ 108,400	\$ 257,040
Amortization	<u>-</u>	<u>(37,925)</u>
Net Restricted Promises to Give	<u>\$ 108,400</u>	<u>\$ 219,115</u>

NOTE D - PROPERTY AND EQUIPMENT

As of June 30, 2018, and 2017, fixed assets consist of:

	<u>6/30/18</u>	<u>6/30/17</u>
Construction in progress	\$ 518,885	\$ 382,609
Land	1,069,970	1,069,970
Building and improvements	5,964,802	5,964,802
Furniture and equipment	<u>196,420</u>	<u>188,280</u>
	7,750,077	7,605,661
Less accumulated depreciation	<u>(528,853)</u>	<u>(392,291)</u>
	<u>\$ 7,221,225</u>	<u>\$ 7,213,370</u>

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes and periods:

Program activities

	<u>6/30/18</u>	<u>6/30/17</u>
Emergency fund	\$ 32,779	\$68,710
Building purchase & remodeling	77,064	417,552
HAND	6,000	5,600
HSC	26,443	-
El Pomar Foundation	2,500	-
City of Loveland	-	27,291
United Way	4,250	3,750
Individuals	28,294	15,555
Trusts & foundations	6,000	5,240
Gift Certificates	2,005	1,392
R.C. Christansen	5,000	-
Energy Outreach Colorado	<u>4,935</u>	<u>12,600</u>
	<u>\$ 195,270</u>	<u>\$ 557,690</u>

HOUSE OF NEIGHBORLY SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE F - OTHER ASSISTANCE

Expenses for other assistance to clients at June 30, 2018 and 2017 includes:

	<u>6/30/18</u>	<u>6/30/17</u>
Medical assistance/prescriptions	\$ 4,087	\$ 2,085
Holiday gifts	8,279	5,436
Utilities	45,264	53,406
Client supplies	25,998	21,544
Transportation	7,594	10,165
Education	104	2,922
Homeless Program	5,700	7,231
Angel House Program	29,191	39,882
Miscellaneous	7,216	11,508
Family to Family	5,731	4,706
	<u>\$ 139,164</u>	<u>\$ 158,885</u>

NOTE G – FUND RAISING EVENTS

Revenue and expenses from fund raising activities for the year ended June 30, 2018 and 2017 are as follows:

	<u>6/30/18</u>	<u>6/30/17</u>
Revenue		
Fall into Jewels	\$ 18,881	\$ 16,446
Newsletter	90,881	92,413
Direct Mail	55,305	41,505
Cropwalk	3,288	3,993
HNS Gala	73,338	59,886
Ask Events	16,200	13,425
Cardboard Box City	2,484	3,341
Loveland Loves BBQ	5,000	5,000
Valley 5000	5,809	6,275
Other	1,689	4,117
	<u>272,876</u>	<u>246,401</u>
Expenses		
Fall into Jewels	7,584	10,461
Newsletter	20,534	10,613
HNS Gala	30,400	24,212
Direct Mail	3,257	2,854
Crop Walk	30	18
Loveland Loves BBQ	-	-
Ask Events	570	1,801
Cardboard Box City	1,706	1,118
Valley 5000	1,323	189
Other	309	2,629
	<u>(65,713)</u>	<u>(53,895)</u>
Net fundraising income	<u>\$ 207,163</u>	<u>\$ 192,506</u>

HOUSE OF NEIGHBORLY SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE H – DONATED SERVICES

The Organization received approximately 19,331 and 18,760 hours of donated services from a variety of unpaid volunteers for the years ended June 30, 2018 and 2017. No amounts for these unpaid volunteer hours have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under SFAS 116 have not been satisfied.

NOTE I – SHARED SPACE INCOME AND EXPENSE

The Organization provides space to other 501(c) (3) agencies at their budgeted cost of building operations based on a square footage apportionment. These revenues and expenses are recorded apart from operating revenues and expenses as other income and expenses. The percentage of the building occupied by other agencies has varied throughout the year as space was completed and became available. Deposits comprising the first month's expenses for each agency are refundable upon vacating the building. Due to the uncertainty of when these amounts will be payable, they are recorded as current liabilities.

The other organizations are currently occupying 37% of the building for the year. The expenses were apportioned as follows:

	Year ended June 30, 2018		
	HNS	Other <u>Agencies</u>	<u>Total</u>
Building management	\$ 101,949	\$ 60,235	\$ 162,184
Utilities	45,989	27,298	73,287
Maintenance & Repairs	41,529	25,822	67,351
Depreciation	70,577	41,700	112,277
Staff room	686	405	1,091
Insurance	<u>22,770</u>	<u>11,582</u>	<u>34,352</u>
	<u>\$ 283,500</u>	<u>\$ 167,043</u>	<u>\$ 450,542</u>
	Year ended June 30, 2017		
	HNS	Other <u>Agencies</u>	<u>Total</u>
Building management	\$ 117,955	\$ 69,157	\$ 187,112
Utilities	39,621	25,609	65,230
Maintenance & Repairs	44,468	24,690	69,158
Depreciation	66,537	39,059	105,596
Staff room	746	435	1,181
Insurance	<u>30,364</u>	<u>12,099</u>	<u>42,463</u>
	<u>\$ 299,691</u>	<u>\$ 171,048</u>	<u>\$ 470,739</u>

NOTE J – EMPLOYEE BENEFIT PLANS

The Organization gives each full-time employee \$200 per month in addition to their salary as an additional benefit to use at their discretion. The amount is added to the regular salary and treated as additional salary.

The Organization also offers a payroll deduction IRA plan for interested employees. The employee may select the withholding from their salary. The Organization does no matching.

HOUSE OF NEIGHBORLY SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE K – NOTE PAYABLE

<u>Long-term Debt</u>	<u>2018.</u>	<u>2017</u>
Waypoint Bank, payable in monthly payments. of \$9,542 with a balloon payment of \$1,272,513 due May 20, 2026. Interest rate is adjustable every five years with a ceiling of 18%. Current interest is 4.25%	\$ 1,665,095	\$ 1,707,056
Waypoint Bank, payable in monthly payments. of \$6,243 with a balloon payment of \$832,588 due May 20, 2026. Interest rate is adjustable every five years with a ceiling of 18%. Current interest is 4.25%	<u>880,807</u>	<u>1,014,831</u>
	2,545,902	2,721,887
Less current maturities	<u>72,131</u>	<u>69,094</u>
	<u>\$ 2,473,771</u>	<u>\$ 2,652,793</u>

Current maturities at June 30, 2018 are as follows:

2019	72,131
2020	74,987
2021	78,597
2022	82,051
2023	85,658
Thereafter	2,080,347

NOTE L – CAPITALIZED INTEREST

During the construction period, interest paid on the acquisition loan will be capitalized as part of the building cost. Once the building has been completed and put into use, any interest expense will be expensed currently. During the continuing build out a percentage of interest is capitalized. As of June 30, 2018, and 2017, \$21,403 and \$27,623 in interest was capitalized.

NOTE M – DESIGNATED AGENCY FUND

In addition to the Organization's Endowment Fund with The Community Foundation of Northern Colorado, the Organization also has a Designated Agency Fund. The Designated Agency Fund totaled \$69,435 and \$77,640 at June 30, 2018 & 2017 but are not reported on the Organization's financial statements. The funds have been contributed to the Community Foundation in the name of the Organization; however the Foundation is in control of the funds. As the funds are released to the Organization, the released income will be recorded as current year income.

NOTE N – RELATED PARTY

The Organization currently has a contract for computer management and server space with a member of the board of directors. Both contracts were consummated prior to the member joining the board of directors.

In September 2015, the board approved a janitorial contract with the relative of a board member. The contract was on a bid basis.

The Organization currently has notes payable with the bank where a board of director works. They were consummated while the director was on the board, but were the best bid the Organization was offered among several offers.

HOUSE OF NEIGHBORLY SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE O – HAND PROJECT

The Organization and the City of Loveland have joined together to help those in need pay their city utility bills through a program called Help a Neighbor in Distress (HAND). In order to qualify for this assistance, people must follow income guidelines or be in a crisis situation. The City of Loveland maintains a separate account that the community can donate money to the HAND project. The Organization screens the clients according to these guidelines and issues vouchers for the bills that need to be paid. The City of Loveland then pays the vouchers out of their HAND project account. This amount is not recorded in the Organization's books because the city actually pays the vouchers. The Organization did receive a grant from the City of Loveland in the amount of \$6,000 and \$5,600 for administrative costs associated with the screening of clients for the HAND project for the years ended June 30, 2018 and 2017.

NOTE P – CAPITAL CAMPAIGN

In December 2012, the Organization acquired the land and building where it where it moved operations to in 2014. The Organization is soliciting contributions for those facilities through the Capital Campaign.

The Organization moved into the facility in August 2014. To fund the acquisition and renovation costs, as of June 30, 2017, the Organization has raised \$4,467,905, of which \$4,159,844 has been spent this excludes the \$230,909 write off of restricted promises to give mentioned in Note C, and it has two notes payable of \$2,545,902 from Waypoint Bank. Renovation of the facilities began in 2013. Cash and promises to give are restricted to payment of the cost of acquiring and renovating the facility.

Temporary restrictions on net assets for year ended June 30, 2018, are related to funds raised through the Capital Campaign, a drive to raise funds to purchase and renovate after purchase the new facility located at 1511 East 11th Street, Loveland, CO 80537.

NOTE Q – SUBSEQUENT EVENTS

Events subsequent to June 30, 2018, have been evaluated through the date these statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events to be disclosed.