

# **House of Neighborly Service**

## **Financial Statements**

**June 30, 2017 & 2016**



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 nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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 audit. We conducted our audit 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, except for noted above, 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, 2017 and 2016 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  
October 12, 2017

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HOUSE OF NEIGHBORLY SERVICE  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash & cash equivalents, unrestricted	\$ 253,980	\$ 326,072
Cash & cash equivalents, restricted	175,694	406,756
Investments	19,598	18,767
Unconditional promises to give	59,481	63,955
Current restricted promises to give	108,400	124,160
Long-term restricted promises to give less amortized discount of \$37,925 and \$50,649	219,115	313,416
Inventory	39,995	38,027
Accounts receivable	6,577	14,370
Prepaid expenses	25,155	19,771
Deposits	-	500
Settlement closing costs, net	4,993	5,554
Property and equipment, net	7,213,370	6,951,263
Total Assets	\$ 8,126,357	\$ 8,282,612
 <b>LIABILITIES</b>		
Accounts payable	\$ 19,996	\$ 23,129
Payroll taxes payable	3,757	10,716
Accrued vacations	25,676	23,615
Accrued interest payable	3,213	3,412
Agency deposits	8,137	2,363
Accrued liabilities	7,113	37,336
Long-term notes payable	2,721,887	2,889,810
Total Liabilities	2,789,779	2,990,380
 <b>NET ASSETS</b>		
Unrestricted	4,778,888	4,383,944
Temporarily restricted	557,690	908,287
Total Net Assets	5,336,579	5,292,231
Total Liabilities and Net Assets	\$ 8,126,357	\$ 8,282,612

See accompanying notes and independent auditor's report

HOUSE OF NEIGHBORLY SERVICE  
STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>UNRESTRICTED NET ASSETS</b>		
Support		
Private donations	\$ 628,171	\$ 639,679
United Way designations for current year	19,274	49,820
Trusts & foundations	391,254	221,992
Client payments	4,474	3,434
Government assistance	-	12,486
Interest, dividend & partnership income	826	6,716
In kind donations	134,032	48,784
Oil revenue	-	26
Rental income	19,549	24,543
Fund raising, net	192,506	151,291
	1,390,087	1,158,771
Net assets released from restrictions	(350,597)	(173,305)
Total unrestricted support and reclassifications	1,039,490	985,466
Expenses		
Program services	1,496,446	1,519,009
Supporting services	292,967	302,229
Fund Raising	193,061	189,657
Total expenses	1,982,474	2,010,895
<b>OTHER INCOME AND EXPENSES</b>		
Shared space income	124,396	122,550
Shared space expense	(171,048)	(167,292)
Property tax refund	-	35,477
Realized gain	109	3,001
Unrealized gain	534	(20,223)
Net other income	(46,009)	(26,487)
Increase (decrease) in unrestricted net assets	(988,993)	(1,051,916)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
EOC	-	4,347
Emergency fund	146,385	140,518
Building purchase & remodel	125,347	280,399
Salvation Army	-	718
Government assistance	78,848	42,651
Trusts & foundations	293,937	411,379
Gift Cards	2,306	2,078
Individuals	35,921	26,196
Net assets (released) under from restrictions	350,597	173,305
Increase (Decrease) in temporarily restricted net assets	1,033,342	1,081,591
Increase in net assets	44,348	29,675
Net assets at beginning of year	5,292,231	5,262,556
Net assets at end of year	\$ 5,336,579	\$ 5,292,231

See accompanying notes and independent auditor's report

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

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	Program Service	Support Service	Fund Raising	Total Expenses 2017
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
Property taxes	-	-	-	-
	1,485,405	224,403	193,061	1,902,869
Depreciation	11,041	68,564	-	79,605
Total expenses	\$ 1,496,446	\$ 292,967	\$ 193,061	\$ 1,982,474

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See accompanying notes and independent auditor's report

HOUSE OF NEIGHBORLY SERVICE  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2016

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	<u>Program Service</u>	<u>Support Service</u>	<u>Fund Raising</u>	<u>Total Expenses 2016</u>
Salaries, payroll taxes and benefits	\$ 492,039	\$ 128,830	\$ 133,964	\$ 754,833
Food and shelter expense	621,103			621,103
Clothing	3,670			3,670
Other assistance	177,931			177,931
Amortization		10,097		10,097
Insurance	28,513	10,444		38,957
Utilities and telephone	25,211	6,601	10,936	42,748
Office supplies and expense	65,855	17,243	19,100	102,198
Repairs and maintenance	10,220	3,744		13,964
Professional services	6,918	2,534		9,452
Other	15,887	9,309		25,196
Fees	13,366	4,896		18,262
Volunteer expense	5,703			5,703
Promotion			25,658	25,658
Dues and subscriptions	2,024	741		2,765
Interest	27,565	58,754		86,319
Property taxes	-	-	-	-
	<u>1,496,004</u>	<u>253,194</u>	<u>189,657</u>	<u>1,938,855</u>
Depreciation	<u>23,005</u>	<u>49,035</u>	<u>-</u>	<u>72,040</u>
Total expenses	<u><u>\$ 1,519,009</u></u>	<u><u>\$ 302,229</u></u>	<u><u>\$ 189,657</u></u>	<u><u>\$ 2,010,895</u></u>

HOUSE OF NEIGHBORLY SERVICE  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 44,348	\$ 29,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation/amortization	118,644	104,678
Decrease in investments	(831)	40,442
(Increase)/decrease in all promises to give	114,535	143,610
Decrease/(increase) in inventory	(1,968)	5,424
(Increase) in prepaid expenses	(5,384)	(3,092)
Decrease/(increase) in accounts receivable	7,793	17,751
Decrease in interest receivable	-	1
Decrease/(increase) in deposits	500	(500)
Increase/(decrease) in accounts payable	(3,132)	(22,104)
Increase in accrued vacations	2,061	835
(Decrease)/increase in accrued interest payable	(199)	(245)
Increase/(decrease) in payroll taxes payable	(6,959)	1,754
Increase/(decrease) in agency deposits	5,775	(728)
Increase in accrued liabilities	(30,223)	27,346
Increase/(decrease) in flood recovery	-	(25,068)
Net cash provided by operating activities	244,960	319,779
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Settlement costs	561	(1,411)
Sale & disposal of assets, net	-	0
Purchase of property and equipment	(380,751)	(196,370)
Net cash used by investing activities	(380,190)	(197,781)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	-	2,895,000
Payments on notes payable	(167,924)	(2,920,232)
Net cash provided by financing activities	(167,924)	(25,232)
Increase in cash and cash equivalents	(303,154)	96,766
Beginning cash and cash equivalents	732,828	636,062
Ending cash and cash equivalents	\$ 429,674	\$ 732,828

See accompanying notes and independent auditor's report

HOUSE OF NEIGHBORLY SERVICE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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.

The 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 \$39,995 and \$38,027 recorded at \$1.68 per pound on June 30, 2017 and 2016.

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 \$118,664 and \$72,040 for 2017 and 2016 is computed using the straight-line method over the estimated useful lives of the respective assets. Accumulated depreciation is \$392,291 and \$365,687 at June 30, 2017 and 2016. 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, 2017 and 2016

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 2014, 2015, and 2016 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, 2017 and 2016 is \$175,694 and \$406,756. Of those amounts, funds restricted for client assistance consists of the emergency fund, flood recovery, EFSP fund and gift certificates all totaling \$70,217 and \$126,357 at the years ended June 30, 2016 and 2015. Funds restricted for the purchase of property and equipment total \$105,723 and \$280,399 at year end June 30, 2017 and 2016.

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, 2017 and 2016:

	<u>6/30/17</u>	<u>6/30/16</u>
City of Loveland - HSC	\$ -	\$ 19,745
City of Loveland HAND	5,600	5,600
United Way	3,750	11,239
R.C. Christiansen Remainder Trust	5,000	5,000
City of Loveland – CDBG	27,291	17,306
Food Bank of Larimer County	-	718
Realities for Children	5,240	-
EOC Grant	12,600	4,347
	<u>\$ 59,481</u>	<u>\$ 63,955</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. Current and long-term restricted promises to give, net of discount, are composed of the following amounts:

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>

HOUSE OF NEIGHBORLY SERVICE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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

For the year ended June 30, 2016:

	<u>Current</u>	<u>Long-term</u>
Individuals & Businesses	\$ 14,160	\$ 14,065
Foundations & Trusts	<u>110,000</u>	<u>350,000</u>
	\$ 124,160	\$ 364,065
Amortization	<u>-</u>	<u>(50,649)</u>
Net Restricted Promises to Give	<u>\$ 124,160</u>	<u>\$ 313,416</u>

NOTE D - PROPERTY AND EQUIPMENT

As of June 30, 2017, and 2016, fixed assets consist of:

	<u>6/30/17</u>	<u>6/30/16</u>
Construction in progress	\$ 382,609	\$ 535,253
Land	1,069,970	1,069,970
Building and improvements	5,964,802	5,455,679
Furniture and equipment	<u>188,280</u>	<u>156,048</u>
	7,605,661	7,216,950
Less accumulated depreciation	<u>(392,291)</u>	<u>(265,687)</u>
	<u>\$ 7,213,370</u>	<u>\$ 6,951,263</u>

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

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

Program activities

	<u>6/30/17</u>	<u>6/30/16</u>
Emergency fund	\$ 68,710	\$ 124,279
Building purchase & remodeling	417,552	280,399
HAND	5,600	5,600
HSC	-	19,745
Food Bank of Larimer County	-	718
City of Loveland	27,291	17,306
United Way	3,750	11,239
Individuals	15,555	26,197
Trusts & foundations	5,240	411,379
Gift Certificates	1,392	2,078
R.C. Christansen	-	5,000
Energy Outreach Colorado	<u>12,600</u>	<u>4,347</u>
	<u>\$ 557,690</u>	<u>\$ 908,287</u>

HOUSE OF NEIGHBORLY SERVICE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

NOTE F - OTHER ASSISTANCE

Expenses for other assistance to clients at June 30, 2017 and 2016 includes:

	<u>6/30/17</u>	<u>6/30/16</u>
Medical assistance/prescriptions	\$ 2,085	\$ 3,570
Holiday gifts	5,436	13,674
Utilities	53,406	70,096
Client supplies	21,544	13,942
Transportation	10,165	8,218
Education	2,922	6,117
Homeless Program	7,231	9,193
Angel House Program	39,882	25,487
Miscellaneous	11,508	24,704
Family to Family	4,706	2,930
	<u>\$ 158,885</u>	<u>\$ 177,931</u>

NOTE G – FUND RAISING EVENTS

Revenue and expenses from fund raising activities for the year ended June 30, 2017 and 2016 are as follows:

	<u>6/30/17</u>	<u>6/30/16</u>
Revenue		
Fall into Jewels	\$ 16,446	\$ 26,228
Newsletter	92,413	98,966
Direct Mail	41,505	42,177
Cropwalk	3,993	5,833
HNS Gala	59,886	-
Ask Events	13,425	-
Cardboard Box City	3,341	-
Loveland Loves BBQ	5,000	5,000
Valley 5000	6,275	7,575
Other	4,117	3,558
	<u>246,401</u>	<u>189,337</u>
Expenses		
Fall into Jewels	10,461	14,866
Newsletter	10,613	18,580
HNS Gala	24,212	-
Direct Mail	2,854	3,135
Crop Walk	18	18
Loveland Loves BBQ	-	55
Ask Events	1,801	-
Cardboard Box City	1,118	-
Valley 5000	189	235
Other	2,629	1,157
	<u>(53,895)</u>	<u>(38,046)</u>
Net fundraising income	<u>\$ 192,506</u>	<u>\$ 151,291</u>

HOUSE OF NEIGHBORLY SERVICE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016

NOTE H – DONATED SERVICES

The Organization received approximately 18,760 and 22,293 hours of donated services from a variety of unpaid volunteers for the years ended June 30, 2017 and 2016. 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, 2017

	<u>HNS</u>	<u>Other 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	30,364	12,099	42,463
	<u>\$ 299,691</u>	<u>\$ 171,048</u>	<u>\$ 470,739</u>

Year ended June 30, 2016

	<u>HNS</u>	<u>Other Agencies</u>	<u>Total</u>
Building management	\$ 148,619	\$ 82,441	\$ 231,060
Utilities	41,476	25,601	67,077
Maintenance & Repairs	30,030	16,766	46,796
Depreciation	60,806	32,638	93,444
Staff room	769	412	1,181
Insurance	33,155	9,434	42,589
	<u>\$ 314,855</u>	<u>\$ 167,292</u>	<u>\$ 482,147</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, 2017 and 2016

NOTE K – NOTE PAYABLE

<u>Long-term Debt</u>	<u>2017</u>	<u>2016</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%	\$ 1,707,056	\$ 1,746,863
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>1,014,831</u>	<u>1,142,947</u>
	2,721,887	2,889,810
Less current maturities	<u>69,094</u>	<u>66,185</u>
	<u>\$ 2,652,793</u>	<u>\$ 2,823,625</u>

Current maturities at June 30, 2017 are as follows:

2018	69,094
2019	72,131
2020	74,987
2021	78,597
2022	85,658
Thereafter	2,341,420

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, 2017, and 2016, \$27,623 and \$36,928 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 \$77,640 and \$82,440 at June 30, 2017 & 2016 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, 2017 and 2016

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 \$5,600 and \$5,600 for administrative costs associated with the screening of clients for the HAND project for the years ended June 30, 2016 and 2015.

NOTE P – CAPITAL CAMPAIGN

In December 2012, the Organization acquired the land and building where it where it moved operations to in 2017. 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 \$4,346,641, of which \$3,875,724 has been spent, and it has two notes payable of \$2,721,887 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, 2017, 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 11<sup>th</sup> Street, Loveland, CO 80537.

NOTE Q – RECLASSIFICATION

Certain items from the prior year have been reclassified to correspond with the presentation for June 30, 2017.

NOTE R – SUBSEQUENT EVENTS

Events subsequent to June 30, 2016, 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.