

Audited Financial Statements
and Other Supplementary Information

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

*Years Ended June 30, 2021 and 2020
with Report of Independent Auditors*

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Audited Financial Statements
and Other Supplementary Information

Years Ended June 30, 2021 and 2020

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Report of Independent Auditors

Board of Directors
Home Repair Services of Kent County, Inc.
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Home Repair Services of Kent County, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. As of and for the year ended June 30, 2021, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As of and for the year ended June 30, 2020, 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 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 Home Repair Services of Kent County, Inc. as of June 30, 2021 and 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021 on our consideration of Home Repair Services of Kent County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Home Repair Services of Kent County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Repair Services of Kent County, Inc.'s internal control over financial reporting and compliance.

Andrews Hooper Paulik PLC

Grand Rapids, Michigan
November 3, 2021

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statements of Financial Position

	June 30	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 404,463	\$ 525,137
Cash and cash equivalents held in investments	19,247	68,335
Receivables:		
Trade	95,502	97,619
Grants	335,536	159,787
Spendable balance – agency endowment	59,389	50,629
Inventory:		
Work-in-process	107,825	123,825
Material	10,179	5,407
Remodeling Together material	5,532	5,420
Prepaid expenses	9,511	41,191
Total current assets	1,047,184	1,077,350
Long-term investments, at market value	625,380	501,508
Property and equipment	2,938,746	2,867,575
Accumulated depreciation	(1,966,942)	(1,893,864)
Net property and equipment	971,804	973,711
Other assets:		
Beneficial interest in assets held by Community Foundation	204,910	155,445
Total assets	\$ 2,849,278	\$ 2,708,014
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 164,657	\$ 135,782
Unearned agency income	17,054	37,213
Other accrued expenses	102,859	138,125
Refundable advance	-	84,626
Total current liabilities	284,570	395,746
Net assets:		
Without donor restrictions	2,015,475	1,873,965
With donor restrictions	549,233	438,303
Total net assets	2,564,708	2,312,268
Total liabilities and net assets	\$ 2,849,278	\$ 2,708,014

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenue			
HUD Community Development Block Grant	\$ 801,668	\$ -	\$ 801,668
State, local, and other contracts	951,101	-	951,101
Contributions	436,799	113,682	550,481
Utility rebates	193,345	-	193,345
Paycheck Protection Program grant	84,626	-	84,626
Donated goods and services	121,280	-	121,280
Remodeling Together sales	111,408	-	111,408
Client copays, net of \$39,305 returned to local municipalities	137,449	-	137,449
Other grants	52,995	310,833	363,828
Investment return, net	65,794	-	65,794
Other income	6,615	-	6,615
Transfers from agency endowment	8,760	-	8,760
Lease revenue	47,050	-	47,050
Change in beneficial interest	-	49,465	49,465
Net assets released from restrictions	363,050	(363,050)	-
Total support and other revenue	<u>3,381,940</u>	<u>110,930</u>	<u>3,492,870</u>
Expenses			
Program services	2,528,758	-	2,528,758
Support services:			
Management and general	456,543	-	456,543
Fundraising	255,129	-	255,129
Total support services	<u>711,672</u>	<u>-</u>	<u>711,672</u>
Total expenses	<u>3,240,430</u>	<u>-</u>	<u>3,240,430</u>
Change in net assets	141,510	110,930	252,440
Net assets – beginning of year	1,873,965	438,303	2,312,268
Net assets – end of year	<u>\$ 2,015,475</u>	<u>\$ 549,233</u>	<u>\$ 2,564,708</u>

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenue			
HUD Community Development Block Grant	\$ 603,337	\$ -	\$ 603,337
State, local, and other contracts	819,118	-	819,118
Contributions	385,854	48,746	434,600
Utility rebates	127,135	-	127,135
Paycheck Protection Program grant	122,574	-	122,574
Donated goods and services	101,600	-	101,600
Remodeling Together sales	93,336	-	93,336
Client copays, net of \$31,089 returned to local municipalities	95,301	-	95,301
Other grants	25,101	265,000	290,101
Investment return, net	(18,384)	-	(18,384)
Other income	27,046	-	27,046
Transfers from agency endowment	8,435	-	8,435
Lease revenue	41,835	-	41,835
Change in beneficial interest	-	(17,792)	(17,792)
Net assets released from restrictions	242,450	(242,450)	-
Total support and other revenue	2,674,738	53,504	2,728,242
Expenses			
Program services	2,093,788	-	2,093,788
Support services:			
Management and general	447,432	-	447,432
Fundraising	230,806	-	230,806
Total support services	678,238	-	678,238
Total expenses	2,772,026	-	2,772,026
Change in net assets	(97,288)	53,504	(43,784)
Net assets – beginning of year	1,971,253	384,799	2,356,052
Net assets – end of year	\$ 1,873,965	\$ 438,303	\$ 2,312,268

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Functional Expenses

Year Ended June 30, 2021

	<u>Program Services</u>						Subtotal Program Services	<u>Support Services</u>		Total
	Repairs	Access Modifications	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution		Management and General	Fund- raising	
Personnel expenses	\$ 417,964	\$ 135,244	\$ 97,428	\$ 2,730	\$ 91,617	\$ 24,050	\$ 769,033	\$ 391,637	\$ 178,633	\$ 1,339,303
Materials, subcontractors, and supplies	1,189,936	92,196	96,314	811	257	68	1,379,582	-	-	1,379,582
Donated materials, subcontractors, and supplies	68,513	280	52,487	-	-	-	121,280	-	-	121,280
Vehicle, insurance, and other program expenses	42,402	12,850	6,963	564	14,801	426	78,006	-	-	78,006
Depreciation	24,825	8,152	27,521	481	6,286	1,371	68,636	28,915	-	97,551
Utilities	12,079	4,335	5,956	89	1,892	456	24,807	3,056	216	28,079
Administrative expenses	24,665	8,093	6,069	-	5,615	1,478	45,920	16,651	27,108	89,679
Repairs and maintenance	22,008	7,395	5,517	-	5,202	1,372	41,494	11,323	-	52,817
Special events	-	-	-	-	-	-	-	-	11,271	11,271
Capital / strategic	-	-	-	-	-	-	-	-	36,583	36,583
Other support services	-	-	-	-	-	-	-	4,961	1,318	6,279
Total expenses	\$ 1,802,392	\$ 268,545	\$ 298,255	\$ 4,675	\$ 125,670	\$ 29,221	\$ 2,528,758	\$ 456,543	\$ 255,129	\$ 3,240,430

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statement of Functional Expenses

Year Ended June 30, 2020

	<u>Program Services</u>						Subtotal Program Services	<u>Support Services</u>		Total
	Repairs	Access Modifications	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution		Management and General	Fund- raising	
Personnel expenses	\$ 389,097	\$ 116,970	\$ 168,034	\$ 2,001	\$ 62,592	\$ 14,618	\$ 753,312	\$ 368,782	\$ 176,731	\$ 1,298,825
Materials, subcontractors, and supplies	822,261	72,938	119,857	-	4,629	30	1,019,715	-	-	1,019,715
Donated materials, subcontractors, and supplies	39,483	4,503	49,253	-	-	-	93,239	1,361	-	94,600
Vehicle, insurance, and other program expenses	47,824	13,241	11,658	2,868	8,283	115	83,989	-	-	83,989
Depreciation	18,691	5,875	25,677	-	2,272	1,058	53,573	28,116	-	81,689
Utilities	8,356	2,579	8,595	-	1,149	416	21,095	4,412	-	25,507
Administrative expenses	16,772	5,052	7,619	-	2,805	642	32,890	16,089	19,870	68,849
Repairs and maintenance	18,119	5,633	8,403	-	3,095	725	35,975	19,546	-	55,521
Special events	-	-	-	-	-	-	-	-	24,358	24,358
Other support services	-	-	-	-	-	-	-	9,126	9,847	18,973
Total expenses	\$ 1,360,603	\$ 226,791	\$ 399,096	\$ 4,869	\$ 84,825	\$ 17,604	\$ 2,093,788	\$ 447,432	\$ 230,806	\$ 2,772,026

See accompanying notes.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Statements of Cash Flows

	Year Ended June 30	
	2021	2020
Operating activities		
Change in net assets	\$ 252,440	\$ (43,784)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	97,551	81,689
Change in beneficial interest in assets held by Community Foundation	(49,465)	17,792
Loss (gain) on sale of long-term investments	(3,600)	26,741
Unrealized loss (gain) on long-term investments	(49,255)	6,647
Change in assets and liabilities:		
Receivables	(182,392)	119,814
Inventory	11,116	22,422
Prepaid expenses	31,680	1,395
Accounts payable	28,875	55,120
Unearned agency income	(20,159)	8,904
Other accrued expenses	(35,266)	23,445
Refundable advance	(84,626)	84,626
Net cash from operating activities	(3,101)	404,811
Investing activities		
Purchases of property and equipment, net	(95,644)	(95,681)
Purchases of long-term investments	(148,867)	(79,864)
Proceeds from sale of long-term investments	77,850	111,872
Net cash from investing activities	(166,661)	(63,673)
Net change in cash and cash equivalents	(169,762)	341,138
Cash and cash equivalents – beginning of year	593,472	252,334
Cash and cash equivalents – end of year	\$ 423,710	\$ 593,472
Cash balances per Statement of Financial Position		
Cash and cash equivalents	\$ 404,463	\$ 525,137
Cash and cash equivalents held in investments	19,247	68,335
Cash and cash equivalents – end of year	\$ 423,710	\$ 593,472
Non-cash transactions:		
Donated goods and services	\$ 121,280	\$ 101,600

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization and Programs

Home Repair Services of Kent County, Inc. (Home Repair Services or Organization) was incorporated as a not-for-profit organization on June 28, 1979. The Organization defines its purpose in its mission statement: “Home Repair Services strengthens homeowners because strong homeowners build strong communities.”

Current programming is categorized into four major areas, including: Repairs, Access Modifications, Self-Help Programs, and Financial Coaching.

The largest source of ongoing funding is the Community Development Block Grant (CDBG), which is administered locally by the City of Grand Rapids, Michigan; the City of Wyoming, Michigan; and Kent County, Michigan. In addition, the Organization utilizes funds from a variety of sources including utility companies, service recipients, the State of Michigan Department of Health and Human Services, Kent County Senior Millage, other contracts, and contributions from organizations and individuals.

Method of Accounting

The records of the Organization are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation and Net Asset Classification

The financial statements of Home Repair Services have been prepared in accordance with U.S. GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Home Repair Services’ management and the Board of Directors. The use of portions of the assets has been designated by the Board of Directors for specific purposes as shown in Note 8.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Financial Statement Presentation and Net Asset Classification (continued)

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Home Repair Services or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity but permit the use of part or all of the income derived from the donated assets.

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, Home Repair Services refers to the new Topic 606 and Subtopic 340-40 as the “new guidance.”

Home Repair Services adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. As a result of the new guidance, no adjustments were required to net assets as of July 1, 2020. Home Repair Services applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. There was no impact to Home Repair Services’ fiscal year 2021 revenue based on adopting the new guidance.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The first \$250,000 of deposits at each institution is insured by the Federal Deposit Insurance Corporation (FDIC). Cash balances, at times, may exceed the FDIC insured limit; however, it is the opinion of management that the Organization is subject to minimal risk. There were approximately \$73,600 of uninsured funds as of June 30, 2021 and \$203,700 as of June 30, 2020.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents Held in Investments

The Organization holds cash and bank deposit sweep amounts in its long-term investment account. The bank deposit sweep consists of money market mutual funds.

Receivables

Receivables consist primarily of trade receivables associated with program services performed and grant receivables associated with expenses incurred but not yet reimbursed by the grantor. Receivables are stated at the outstanding principal balance, which management believes approximates net realizable value. No allowance for uncollectible receivables was considered necessary as of June 30, 2021 and 2020.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or fair value. Maintenance, operating, and office supplies are not recorded as inventory. Work-in-process inventory related to the Repairs and Access Modifications programs includes materials, labor, and subcontractor costs.

Investments

Investments with amounts maturing within one year are classified as short-term investments. Long-term investments consist of corporate bond funds and equity securities. Such investments are carried at fair value, which is determined using published exchange market quotations where available.

Home Repair Services maintains its investments at one financial institution. The account at this institution is protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000. Investments, at times, may exceed the SIPC insured limits.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or estimated fair value on the date received. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets, which generally range from 3 to 33 years.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Title to assets purchased using CDBG funds in excess of \$5,000 would revert back to the government provider should the Organization change its business entity, purpose, or become insolvent. As of June 30, 2021 and 2020, there were no individual assets in excess of \$5,000 purchased with grant funds.

Unearned Agency Income

The Organization records amounts received related to projects in-process as of year end as unearned income.

Revenue Recognition

Contributions

Contributions, bequests, and grants are received from individuals, foundations, corporations or trusts. Revenue is recognized in the period when an unconditional contribution, pledge, or promise to give is received.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the entire restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Government Grants

The Organization receives funding from various departments of the federal government. All grants are nonreciprocal transactions and include conditions stipulated by the granting agencies and are, therefore, accounted for as conditional contributions. Revenue is recognized as conditions are satisfied, primarily as expenses are incurred.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Donated Goods and Services

The Organization receives donated services from a variety of unpaid volunteers assisting in program services. U.S. GAAP requires the fair value of donated services to be recognized in the financial statements if the services either (a) create or enhance a non-financial asset, or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Donated services meeting these criteria that were received by Home Repair Services are outlined below. Donated materials consist of building supplies and are valued at the estimated cost to the Repairs program, which approximates fair value. Amounts were as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Donated services expensed	\$ 53,631	\$ 64,986
Donated goods expensed	67,649	29,614
Total donated items expensed	<u>121,280</u>	94,600
Donated services capitalized	-	7,000
Total donated goods and services	<u>\$ 121,280</u>	<u>\$ 101,600</u>

Revenue from Contracts with Customers

During the year ended June 30, 2021, Home Repair Services recognized revenue from contracts with customers of \$288,162 in the form of Remodeling Together sales and client copays related to repair, access modifications, and financial coaching transactions as noted in the statement of activities. Performance obligations related to Remodeling Together sales (Home Repair Services' self-help program) are satisfied at a point in time when the cabinets are built. Performance obligations related to client copays from repairs and access modifications are satisfied over time as the project is completed, which is generally short-term in nature. Performance obligations related to client copays from financial coaching transactions are also satisfied over time as coaching services are provided to clients, which generally occurs over a short period of time. The Organization's management exercises judgment in determining when performance obligations for services have been satisfied. In making such judgments, management typically relies on input methods to measure progress toward service obligations. The Organization evaluates effort and costs expended relative to the total effort and costs expected to be expended in satisfying each performance obligation.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue from Contracts with Customers (continued)

For the year ended June 30, 2021, the beginning balances of the Organization's receivables from contracts with customers totaled \$14,892. The closing balances totaled \$19,207.

Payment terms vary and client copays may have a payment arrangement element. In most cases, consideration is paid for services that the customer purchases and is non-refundable. Home Repair Services recognized write-offs of bad debts for client copays of \$6,179 during the year ended June 30, 2021. A portion of the copays collected by Home Repair Services are required to be remitted to the municipality where the related project was completed. These remittances totaled \$39,305 for the year ended June 30, 2021, and are reported net of client copay revenue in the statement of activities.

The following factors affect the nature, timing, and uncertainty of the Organization's revenue and cash flows as indicated:

- Overall health of the economy: Declines in the overall health of the economy will typically decrease disposable income and has the potential to reduce the amount of contributions received. In addition, a decline in the overall health of the economy may affect the ability of clients to pay necessary copays. Inflation affects the price of materials and, therefore, the number of clients Home Repair Services can serve when grant funds do not keep pace with inflation.
- Grant funding periods: Grant funding periods are at varying timelines, and occasionally those timelines are uncertain, resulting in shifting funds utilized to other grants. Further, grant funding periods overlap fiscal years, creating imbalances in the use of some grant funding sources as other grant contract dates are uncertain.

Donations of Long-Lived Assets

The Organization reports donations of land, buildings, and equipment as support without donor restrictions at their estimated fair value on the date received unless explicit donor stipulations specify how the donated assets must be used. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions at estimated fair value. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program 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
Personnel expenses	Time and effort
Vehicle, insurance, and other program expenses	Mileage
Depreciation	Square footage
Utilities	Square footage
Administrative expenses	Time and effort
Repairs and maintenance	Square footage

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The application of valuation techniques applied to similar assets and liabilities was consistent throughout the years ended June 30, 2021 and 2020.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Since the Organization is exempt from federal income taxes, no provision for income taxes is included in the accompanying financial statements.

Generally, tax years from 2017 through the current year remain open to examination. The Organization does not believe that the results from any examination of these open years would have a material adverse effect on the Organization.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the financial statements through November 3, 2021, which is the date the financial statements were available to be issued.

2. Liquidity and Availability

Home Repair Services has a goal to maintain current financial assets on hand to meet 60 days of normal operating expenses (excluding certain expenses determined to be fully funded by grant income), \$407,000 as of June 30, 2021 and \$342,000 as of June 30, 2020. The Organization has a policy to structure its current financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit available in the amount of \$25,000. See details related to the line of credit in Note 6.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

2. Liquidity and Availability (continued)

Financial assets available for general expenditure within one year of the date of the statement of financial position, that are without restrictions limiting their use, were as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Financial assets as of year-end:		
Cash and cash equivalents	\$ 404,463	\$ 525,137
Cash and cash equivalents held in investments	19,247	68,335
Trade receivables	95,502	97,619
Grants receivable	335,536	159,787
Spendable balance – agency endowment	59,389	50,629
Financial assets available to meet general expenditures within one year	<u>\$ 914,137</u>	<u>\$ 901,507</u>

The receivables are subject to implied time restrictions but are expected to be collected within one year.

3. Investments

Long-term investments at fair value consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Equity securities	\$ 409,686	\$ 294,778
Corporate bonds	213,319	204,054
Accrued interest	2,375	2,676
Total long-term investments	<u>\$ 625,380</u>	<u>\$ 501,508</u>

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Financial Statements

June 30, 2021

3. Investments (continued)

Long-term investments and cash and cash equivalents held in investments are held at the same financial institution and comprise total assets available for investment purposes. These amounts consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Total long-term investments	\$ 625,380	\$ 501,508
Cash and cash equivalents held in investments	19,247	68,335
Assets available for investment purposes	<u>\$ 644,627</u>	<u>\$ 569,843</u>

4. Net Property and Equipment

Home Repair Services' property and equipment consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Building	\$ 344,524	\$ 344,524
Building furnishings/improvements	2,107,196	2,051,951
Land	88,165	88,165
Office equipment	110,901	110,901
Vehicles	248,061	232,135
Operating equipment	39,899	39,899
Total property and equipment	<u>2,938,746</u>	<u>2,867,575</u>
Accumulated depreciation	<u>(1,966,942)</u>	<u>(1,893,864)</u>
Net property and equipment	<u>\$ 971,804</u>	<u>\$ 973,711</u>

5. Paycheck Protection Program

The Organization received Paycheck Protection Program (PPP) loan proceeds from Fifth Third Bank in the amount of \$207,200 on May 4, 2020. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for Small Business Administration (SBA) loans to qualifying businesses for amounts up to 2.5 times of their average monthly payroll expenses. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels.

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Notes to Financial Statements

June 30, 2021

5. Paycheck Protection Program (continued)

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments until either the date the SBA remits the borrower's loan forgiveness amount to the lender or ten months after the end of the borrower's loan forgiveness covered period. Home Repair Services used the PPP funds to assist with maintaining staffing levels and funds were spent solely on payroll and related expenses. The loan funds were fully expended by August 8, 2020. Home Repair Services believes that its use of the loan proceeds will meet the conditions of forgiveness and were spent for eligible program purposes and, therefore, expects that these loan funds will be forgiven.

As of and for the year ended June 30, 2020, the Organization recorded \$122,574 of the proceeds as grant revenue in the statement of activities and the remaining balance of \$84,626 as a refundable advance in the statement of financial position. Home Repair Services received notification on April 16, 2021 that the full PPP loan of \$207,200 had been forgiven and, accordingly, recorded the remaining \$84,626 of PPP funds as grant income in the statement of activities during the year ended June 30, 2021.

6. Line of Credit

The Organization has a \$25,000 line of credit available with interest calculated at 6% as of June 30, 2021 and 2020. Substantially all assets are pledged as security. There was no balance on the line as of June 30, 2021 and 2020.

7. Concentrations

As of June 30, 2021 and 2020, all of the Organization's grants receivable were due from two grantors. Approximately 23% of the Organization's total support and other revenue related to CDBG funding for the year ended June 30, 2021 (22% for the year ended June 30, 2020).

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Notes to Financial Statements

June 30, 2021

8. Net Assets

Net assets consisted of the following as of June 30:

	2021	2020
Net assets without donor restrictions:		
Equity in property and equipment	\$ 971,804	\$ 973,711
Board-designated funds:		
Program operations	23,466	23,466
Operating reserves	997,205	853,788
Capital/strategic projects	23,000	23,000
Total net assets without donor restrictions	\$ 2,015,475	\$ 1,873,965
Net assets with donor restrictions:		
Purpose restricted:		
Repair grants	\$ 235,641	\$ 181,103
Self-help programs	6,700	5,700
Foreclosure intervention	92,833	15,000
Campaign donations	9,149	81,055
Perpetual:		
Beneficial interest in assets held by Community Foundation	204,910	155,445
Total net assets with donor restrictions	\$ 549,233	\$ 438,303

9. Related Party Transactions

Throughout the year ended June 30, 2020, there was a related party relationship as a result of Home Repair Services' Executive Director serving as a member of a separate agency's oversight board. Other income of approximately \$26,900 and lease revenue of \$30,600 were received from the agency and recorded in the statement of activities for the year ended June 30, 2020.

On December 31, 2020, the Executive Director retired from the agency's oversight board. Other income of approximately \$5,600 and lease revenue of \$15,600 were received from the agency and recorded in the statement of activities during the portion of fiscal year 2021 when the related party relationship existed.

Contributions for the year ended June 30, 2021 includes approximately \$15,900 from Home Repair Services' staff and members of the Board of Directors (approximately \$11,000 for the year ended June 30, 2020).

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Notes to Financial Statements

June 30, 2021

10. Retirement Plan

The Organization has established a qualified retirement plan under the provisions of Section 403(b) of the Internal Revenue Code. The plan provides for voluntary employee contributions of up to the maximum allowed by the Internal Revenue Code and a mandatory employer matching contribution of 50% of the employee contribution, up to 6% of compensation for eligible employees.

Eligible employees are part-time or full-time employees who have completed at least one year of service, working at least 1,000 hours per year.

The Organization's employer match is calculated on the calendar year and must be paid no later than January 31 for the prior calendar year. The Organization expensed approximately \$21,300 for the year ended June 30, 2021 and \$20,700 for the year ended June 30, 2020 to the retirement plan.

11. Beneficial Interest in Assets Held by Community Foundation

The Organization is the beneficiary of an agency endowment fund held by the Grand Rapids Community Foundation (Foundation). Under the fund agreement, the endowment fund is under control of the Foundation and the Organization is entitled to the fund's spendable income, as determined in accordance with the terms of the fund agreement, upon written request. The spendable income is to be used for the support of the charitable or educational purposes of the Organization.

An asset for the agency endowment fund has been established for the fair value of the underlying investment totaling \$264,299 as of June 30, 2021 and \$206,074 as of June 30, 2020 and is recorded in the Organization's statements of financial position, including a spendable balance of \$59,389 as of June 30, 2021 (\$50,629 as of June 30, 2020). On an annual basis, the asset is revalued based on changes in fair value. This revaluation, less the spendable portion to which the Organization is entitled, is recorded as a change in beneficial interest in the statement of activities. Annually, the Organization can request a distribution of the spendable income of the agency endowment fund. Also, the Organization has a donor endowment fund held by the Foundation and in accordance with U.S. GAAP, the Organization does not record the donor endowment fund, which is valued at \$143,349 as of June 30, 2021 and \$112,095 as of June 30, 2020, in its financial statements.

Home Repair Services of Kent County, Inc.
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Notes to Financial Statements

June 30, 2021

12. Fair Value Measurements

Fair values of assets measured on a recurring basis were as follows as of June 30:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2021				
Long-term investments	\$ 625,380	\$ 625,380	\$ -	\$ -
Beneficial interest in assets held by Community Foundation	\$ 264,299	\$ -	\$ -	\$ 264,299
2020				
Long-term investments	\$ 501,508	\$ 501,508	\$ -	\$ -
Beneficial interest in assets held by Community Foundation	\$ 206,074	\$ -	\$ -	\$ 206,074

Changes in Level 3 assets and liabilities measured at fair value on a recurring basis:

Balance, July 1, 2019	\$ 215,431
Total realized and unrealized losses	<u>(9,357)</u>
Balance, June 30, 2020	206,074
Total realized and unrealized gains	<u>58,225</u>
Balance, June 30, 2021	<u>\$ 264,299</u>

The beneficial interest in assets held by the Grand Rapids Community Foundation represents the Organization's share of an investment pool held and managed by the Foundation. This pool is comprised of various investments that are valued by the Foundation using Level 1, 2, and 3 inputs.

13. Leases

The Organization leases portions of its building to unrelated entities. Future minimum lease payments anticipated to be received under these lease agreements are as follows for fiscal years ending June 30:

2022	\$ 43,550
2023	36,000
2024	36,000

Home Repair Services of Kent County, Inc.
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Notes to Financial Statements

June 30, 2021

14. Risks and Uncertainties

The Organization invests in various investment securities. These investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and long-term and that such changes could materially affect the amounts reported in the statements of financial position.

The current Coronavirus pandemic has had an economic impact on the United States and the international community. While this has had a short-term impact on the Organization's business and financial activities, the long-term impact on the Organization's business and financial activities cannot be determined.

Report of Independent Auditors on Other Supplementary Information

Board of Directors
Home Repair Services of Kent County, Inc.
Grand Rapids, Michigan

We have audited the financial statements of Home Repair Services of Kent County, Inc. (a not-for-profit organization) as of and for the years ended June 30, 2021 and 2020, and our report thereon dated November 3, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following schedules are presented for purposes of additional analysis and are 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.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
November 3, 2021

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2021

	Repairs						Access Modifications			
	Minor Repair				Major Repairs	Repair Consultation	Grand Rapids	Kent County	Wyoming	Extra
	Grand Rapids	Kent Co	Wyoming	Extra						
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ 366,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,852	\$ -	\$ -	\$ -
HUD Community Development										
Block Grant – Kent County	-	182,242	-	-	-	-	-	70,523	-	-
HUD Community Development										
Block Grant – City of Wyoming	-	-	56,321	-	-	-	-	-	23,322	-
Utility rebates	45,325	23,700	21,100	-	93,370	9,850	-	-	-	-
State, local, and other contracts	-	2,040	-	135,813	437,285	147,622	-	-	-	172,645
Contributions	-	-	-	25,000	-	-	-	-	-	-
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Remodeling Together sales	-	-	-	-	-	-	-	-	-	-
Client copays	31,441	15,685	4,830	15,198	69,534	24,774	3,045	2,450	800	7,517
Program income returned to local municipalities	(30,580)	-	(4,830)	-	-	-	(3,095)	-	(800)	-
Other grants	-	-	-	-	-	-	-	-	-	-
Lease revenue	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Gain on investment sales	-	-	-	-	-	-	-	-	-	-
Unrealized gain on investments	-	-	-	-	-	-	-	-	-	-
Paycheck Protection Program grant	24,022	5,422	1,517	-	-	-	2,198	5,398	893	-
Other income	-	-	-	-	-	-	-	-	-	-
Transfers from agency endowment	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	190,215	-	-	-	-	-
Total support and other revenue	<u>436,983</u>	<u>229,089</u>	<u>78,938</u>	<u>176,011</u>	<u>790,404</u>	<u>182,246</u>	<u>71,000</u>	<u>78,371</u>	<u>24,215</u>	<u>180,162</u>
Expenses:										
Program services:										
Personnel expenses	141,066	51,850	15,895	61,722	108,521	38,910	28,706	29,255	8,998	68,285
Materials, subcontractors, and supplies	196,784	136,486	45,097	67,826	623,142	120,601	23,165	19,445	5,850	43,736
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Vehicle	5,478	1,275	742	1,955	3,839	1,908	750	793	319	2,932
Insurance	6,846	2,191	809	2,876	5,246	2,078	1,279	1,291	436	3,547
Utilities	2,661	1,344	640	2,021	3,738	1,675	462	827	334	2,712
Administrative expenses	8,336	3,018	894	3,653	6,470	2,294	1,714	1,699	538	4,142
Repairs and maintenance	7,609	2,801	876	3,263	5,363	2,096	1,631	1,557	516	3,691
Other program services	1,238	448	133	2,447	1,892	1,001	254	252	80	917
Depreciation	7,976	2,445	1,110	3,751	6,616	2,927	1,225	1,407	685	4,835
Total program services	<u>377,994</u>	<u>201,858</u>	<u>66,196</u>	<u>149,514</u>	<u>764,827</u>	<u>173,490</u>	<u>59,186</u>	<u>56,526</u>	<u>17,756</u>	<u>134,797</u>
Support services:										
Personnel expenses	75,719	31,066	12,438	27,998	19,172	20,947	20,211	15,927	6,607	31,192
Utilities	-	-	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Special events	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Total support services	<u>75,719</u>	<u>31,066</u>	<u>12,438</u>	<u>27,998</u>	<u>19,172</u>	<u>20,947</u>	<u>20,211</u>	<u>15,927</u>	<u>6,607</u>	<u>31,192</u>
Total expenses	<u>453,713</u>	<u>232,924</u>	<u>78,634</u>	<u>177,512</u>	<u>783,999</u>	<u>194,437</u>	<u>79,397</u>	<u>72,453</u>	<u>24,363</u>	<u>165,989</u>
Revenue over (under) expenses	<u>\$ (16,730)</u>	<u>\$ (3,835)</u>	<u>\$ 304</u>	<u>\$ (1,501)</u>	<u>\$ 6,405</u>	<u>\$ (12,191)</u>	<u>\$ (8,397)</u>	<u>\$ 5,918</u>	<u>\$ (148)</u>	<u>\$ 14,173</u>

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2021

	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution	Donated Goods and Services	Services to Food Club	Leased Space	Agency Funds	Fund- raising	Total
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ -	\$ -	\$ 33,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 469,260
HUD Community Development										
Block Grant – Kent County	-	-	-	-	-	-	-	-	-	252,765
HUD Community Development										
Block Grant – City of Wyoming	-	-	-	-	-	-	-	-	-	79,643
Utility rebates	-	-	-	-	-	-	-	-	-	193,345
State, local, and other contracts	-	-	11,284	44,412	-	-	-	-	-	951,101
Contributions	36,923	15,300	136,828	-	-	-	-	-	222,748	436,799
Donated goods and services	-	-	-	-	121,280	-	-	-	-	121,280
Remodeling Together sales	111,408	-	-	-	-	-	-	-	-	111,408
Client copays	-	-	1,480	-	-	-	-	-	-	176,754
Program income returned to										
local municipalities	-	-	-	-	-	-	-	-	-	(39,305)
Other grants	-	-	52,995	-	-	-	-	-	-	52,995
Lease revenue	-	-	-	-	-	31,200	15,850	-	-	47,050
Investment income	-	-	-	-	-	-	-	12,939	-	12,939
Gain on investment sales	-	-	-	-	-	-	-	3,600	-	3,600
Unrealized gain on investments	-	-	-	-	-	-	-	49,255	-	49,255
Paycheck Protection Program grant	-	-	-	-	-	-	-	45,176	-	84,626
Other income	-	-	-	-	-	5,627	-	988	-	6,615
Transfers from agency endowment	-	-	-	-	-	-	-	-	8,760	8,760
Net assets released from restrictions	5,000	-	20,500	-	-	-	-	147,335	-	363,050
Total support and other revenue	153,331	15,300	256,720	44,412	121,280	36,827	15,850	259,293	231,508	3,381,940
Expenses:										
Program services:										
Personnel expenses	97,428	2,730	91,617	24,050	-	-	-	-	-	769,033
Materials, subcontractors, and supplies	96,314	811	257	68	-	-	-	-	-	1,379,582
Donated goods and services	-	-	-	-	121,280	-	-	-	-	121,280
Vehicle	1,449	2	51	31	-	-	-	-	-	21,524
Insurance	3,181	1	2,040	22	-	-	-	-	-	31,843
Utilities	5,956	89	1,892	456	-	-	-	-	-	24,807
Administrative expenses	6,069	-	5,615	1,478	-	-	-	-	-	45,920
Repairs and maintenance	5,517	-	5,202	1,372	-	-	-	-	-	41,494
Other program services	2,333	561	12,710	373	-	-	-	-	-	24,639
Depreciation	27,521	481	6,286	1,371	-	-	-	-	-	68,636
Total program services	245,768	4,675	125,670	29,221	121,280	-	-	-	-	2,528,758
Support services:										
Personnel expenses	53,457	-	56,499	15,132	-	5,046	-	226	178,633	570,270
Utilities	-	-	-	-	-	1,960	1,096	-	216	3,272
Administrative expenses	-	-	-	-	-	-	-	16,651	27,108	43,759
Repairs and maintenance	-	-	-	-	-	5,403	5,920	-	-	11,323
Capital / strategic	-	-	-	-	-	-	-	36,583	-	36,583
Depreciation	-	-	-	-	-	18,042	10,873	-	-	28,915
Special events	-	-	-	-	-	-	-	-	11,271	11,271
Other support services	-	-	-	-	-	-	-	4,961	1,318	6,279
Total support services	53,457	-	56,499	15,132	-	30,451	17,889	58,421	218,546	711,672
Total expenses	299,225	4,675	182,169	44,353	121,280	30,451	17,889	58,421	218,546	3,240,430
Revenue over (under) expenses	\$ (145,894)	\$ 10,625	\$ 74,551	\$ 59	\$ -	\$ 6,376	\$ (2,039)	\$ 200,872	\$ 12,962	\$ 141,510

Home Repair Services of Kent County, Inc.
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Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2020

	Repairs						Access Modifications			
	Minor Repair				Major Repairs	Repair Consultation	Grand	Kent		
	Grand Rapids	Kent Co	Wyoming	Extra			Rapids	County	Wyoming	Extra
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ 344,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,918	\$ -	\$ -	\$ -
HUD Community Development										
Block Grant – Kent County	-	94,854	-	-	-	-	-	39,045	-	-
HUD Community Development										
Block Grant – City of Wyoming	-	-	48,318	-	-	-	-	-	32,442	-
Utility rebates	12,525	3,950	75	-	101,810	8,775	-	-	-	-
State, local, and other contracts	-	400	-	136,548	390,646	102,546	1,155	100	-	139,029
Contributions	-	-	-	1,350	-	-	-	-	-	-
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Remodeling Together sales	-	-	-	-	-	-	-	-	-	-
Client copays	23,864	5,856	3,400	14,227	44,989	18,108	1,825	3,200	1,750	7,355
Program income returned to local municipalities	(23,864)	-	(3,400)	-	-	-	(1,825)	-	(2,000)	-
Other grants	-	-	-	-	-	-	-	-	-	-
Lease revenue	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Loss on investment sales	-	-	-	-	-	-	-	-	-	-
Unrealized loss on investments	-	-	-	-	-	-	-	-	-	-
Paycheck Protection Program grant	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Transfers from agency endowment	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	121,153	-	-	-	-	1,607
Total support and other revenue	357,285	105,060	48,393	152,125	658,598	129,429	45,073	42,345	32,192	147,991
Expenses:										
Program services:										
Personnel expenses	143,124	29,570	17,441	61,054	96,824	41,084	18,610	17,722	12,357	68,281
Materials, subcontractors, and supplies	110,398	54,599	20,088	56,451	514,935	65,790	10,167	12,449	7,493	42,829
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Vehicle	7,149	943	723	2,236	3,910	2,010	1,001	640	309	3,518
Insurance	8,427	1,521	960	3,271	5,366	2,362	1,066	941	600	3,996
Utilities	3,293	564	329	1,164	2,049	957	441	342	218	1,578
Administrative expenses	6,213	1,263	742	2,622	4,192	1,740	751	759	516	3,026
Repairs and maintenance	6,816	1,391	819	2,886	4,301	1,906	849	836	607	3,341
Other program services	1,897	127	75	979	4,053	1,815	76	77	52	965
Depreciation	7,534	1,269	738	2,225	4,665	2,260	1,095	787	476	3,517
Total program services	294,851	91,247	41,915	132,888	640,295	119,924	34,056	34,553	22,628	131,051
Support services:										
Personnel expenses	66,532	14,446	8,588	29,364	17,367	18,690	10,500	8,515	9,512	34,636
Donated goods and services	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Special events	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Total support services	66,532	14,446	8,588	29,364	17,367	18,690	10,500	8,515	9,512	34,636
Total expenses	361,383	105,693	50,503	162,252	657,662	138,614	44,556	43,068	32,140	165,687
Revenue over (under) expenses	\$ (4,098)	\$ (633)	\$ (2,110)	\$ (10,127)	\$ 936	\$ (9,185)	\$ 517	\$ (723)	\$ 52	\$ (17,696)

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Functional Revenues and Expenses (Without Donor Restrictions)

Year Ended June 30, 2020

	Self-Help Programs	Volunteer Coordination	Financial Coaching	City Bin Distribution	Donated Goods and Services	Services to Food Club	Leased Space	Agency Funds	Fund- raising	Total
Support and other revenue:										
HUD Community Development										
Block Grant – City of Grand Rapids	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,678
HUD Community Development										
Block Grant – Kent County	-	-	-	-	-	-	-	-	-	133,899
HUD Community Development										
Block Grant – City of Wyoming	-	-	-	-	-	-	-	-	-	80,760
Utility rebates	-	-	-	-	-	-	-	-	-	127,135
State, local, and other contracts	1,069	-	21,700	25,925	-	-	-	-	-	819,118
Contributions	94,475	300	2,350	-	-	-	-	-	287,379	385,854
Donated goods and services	-	-	-	-	101,600	-	-	-	-	101,600
Remodeling Together sales	93,336	-	-	-	-	-	-	-	-	93,336
Client copays	46	-	1,770	-	-	-	-	-	-	126,390
Program income returned to										
local municipalities	-	-	-	-	-	-	-	-	-	(31,089)
Other grants	-	-	25,101	-	-	-	-	-	-	25,101
Lease revenue	-	-	-	-	-	30,600	11,235	-	-	41,835
Investment income	-	-	-	-	-	-	-	15,004	-	15,004
Loss on investment sales	-	-	-	-	-	-	-	(26,741)	-	(26,741)
Unrealized loss on investments	-	-	-	-	-	-	-	(6,647)	-	(6,647)
Paycheck Protection Program grant	-	-	-	-	-	-	-	122,574	-	122,574
Other income	-	-	-	-	-	26,906	-	140	-	27,046
Transfers from agency endowment	-	-	-	-	-	-	-	-	8,435	8,435
Net assets released from restrictions	10,250	7,500	-	-	-	-	-	25,000	76,940	242,450
Total support and other revenue	199,176	7,800	50,921	25,925	101,600	57,506	11,235	129,330	372,754	2,674,738
Expenses:										
Program services:										
Personnel expenses	168,034	2,001	62,592	14,618	-	-	-	-	-	753,312
Materials, subcontractors, and supplies	119,857	-	4,629	30	-	-	-	-	-	1,019,715
Donated goods and services	-	-	-	-	93,239	-	-	-	-	93,239
Vehicle	2,401	2	425	33	-	-	-	-	-	25,300
Insurance	6,532	1	1,953	17	-	-	-	-	-	37,013
Utilities	8,595	-	1,149	416	-	-	-	-	-	21,095
Administrative expenses	7,619	-	2,805	642	-	-	-	-	-	32,890
Repairs and maintenance	8,403	-	3,095	725	-	-	-	-	-	35,975
Other program services	2,725	2,865	5,905	65	-	-	-	-	-	21,676
Depreciation	25,677	-	2,272	1,058	-	-	-	-	-	53,573
Total program services	349,843	4,869	84,825	17,604	93,239	-	-	-	-	2,093,788
Support services:										
Personnel expenses	87,053	-	32,116	9,075	-	22,388	-	-	176,731	545,513
Donated goods and services	-	-	-	-	1,361	-	-	-	-	1,361
Utilities	-	-	-	-	-	2,800	1,612	-	-	4,412
Administrative expenses	-	-	-	-	-	-	-	16,089	19,870	35,959
Repairs and maintenance	-	-	-	-	-	4,177	2,674	12,695	-	19,546
Depreciation	-	-	-	-	-	17,786	10,330	-	-	28,116
Special events	-	-	-	-	-	-	-	-	24,358	24,358
Other support services	-	-	-	-	-	-	-	9,126	9,847	18,973
Total support services	87,053	-	32,116	9,075	1,361	47,151	14,616	37,910	230,806	678,238
Total expenses	436,896	4,869	116,941	26,679	94,600	47,151	14,616	37,910	230,806	2,772,026
Revenue over (under) expenses	\$ (237,720)	\$ 2,931	\$ (66,020)	\$ (754)	\$ 7,000	\$ 10,355	\$ (3,381)	\$ 91,420	\$ 141,948	\$ (97,288)

Single Audit Reporting Package

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Year Ended June 30, 2021

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Single Audit Reporting Package

Year Ended June 30, 2021

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Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Home Repair Services of Kent County, Inc. and Subsidiary
Grand Rapids, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Home Repair Services of Kent County, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year ended and the related notes to the financial statements, and have our report thereon dated November 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Home Repair Services of Kent County, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Repair Services of Kent County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Home Repair Services of Kent County, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Home Repair Services of Kent County, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Home Repair Services of Kent County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of our testing, and not to provide an opinion on the effectiveness of Home Repair Services of Kent County, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Repair Services of Kent County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Andrews Hooper Pavlik PLC

Grand Rapids, Michigan
November 3, 2021

Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Home Repair Services of Kent County, Inc. and Subsidiary
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited Home Repair Services of Kent County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Home Repair Services of Kent County, Inc.'s major federal programs for the year ended June 30, 2021. Home Repair Services of Kent County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Home Repair Services of Kent County, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Home Repair Services of Kent County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Home Repair Services of Kent County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Home Repair Services of Kent County, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Home Repair Services of Kent County, Inc. are responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Home Repair Services of Kent County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Home Repair Services of Kent County, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Home Repair Services of Kent County, Inc.'s, as of and for the year ended June 30, 2021, and have issued our report thereon dated November 3, 2021. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Andrews Hopper Pavlik PLC

Grand Rapids, Michigan
November 3, 2021

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Major Program</u>			
U.S. Department of Housing and Urban Development:			
Passed through the City of Grand Rapids, Michigan:			
Community Development Block Grant	14.218	B-19-MC-26-0019	\$ 207,113
Community Development Block Grant	14.218	B-20-MC-26-0019	228,514
Community Development Block Grant	14.218	CD-REQ-2021-0070	33,633
Passed through Kent County, Michigan:			
Community Development Block Grant	14.218	B-20-UC-26-0004	252,765
Passed through the City of Wyoming, Michigan:			
Community Development Block Grant	14.218	B-20-MC-26-0020	79,643
Total Community Development Block Grant			<u>801,668</u>
Total Major Program			<u>801,668</u>
<u>Other Federal Awards</u>			
U.S. Department of Housing and Urban Development:			
Passed through Michigan State Housing Development Authority:			
Housing Counseling	14.169	20-11-HUD	25,500
U.S. Department of Treasury:			
Passed through Kent County, MI:			
Coronavirus Relief Fund of the Social Security Act	21.019	CRF-NPA-0179	13,328
Total Federal Expenditures			<u><u>\$ 840,496</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Home Repair Services of Kent County, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Home Repair Services of Kent County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Home Repair Services of Kent County, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented when available.

3. United States Department of Housing and Urban Development

Financial assistance for the Community Development Block Grant is reported from the United States Department of Housing and Urban Development (HUD) and is passed through from the City of Grand Rapids, Michigan; Kent County, Michigan; and the City of Wyoming, Michigan. Financial assistance for the Housing Counseling is also reported from HUD and is passed through from the Michigan State Housing Development Authority.

4. United States Department of Treasury

Financial assistance as reported in the Schedule from the United States Department of Treasury is passed through Kent County, Michigan.

5. Indirect Cost Rate

Home Repair Services of Kent County, Inc. has not elected to use the 10% de-minimis indirect cost rate allowed under the Uniform Guidance.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

Significant deficiency identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes X No

Significant deficiency identified? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes X No

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I – Summary of Independent Auditor's Results (continued)

Federal Awards (continued)

Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant

Dollar threshold used to distinguish between
type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes

 No

Section II – Financial Statements Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Home Repair Services of Kent County, Inc.
(A Not-For-Profit Organization)

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

None.