



Consolidated Financial Statements  
June 30, 2019 and 2018

**Simpson Housing Services, Inc.**

Independent Auditor’s Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	5
Consolidated Statements of Functional Expenses.....	7
Consolidated Statements of Cash Flows.....	11
Notes to Consolidated Financial Statements.....	12
Independent Auditor’s Report on Supplementary Information .....	26
Supplementary Information	
Consolidating Statement of Financial Position .....	27
Consolidating Statement of Activities.....	30



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## Independent Auditor's Report

To the Board of Directors  
Simpson Housing Services, Inc.  
Minneapolis, Minnesota

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Simpson Housing Services, Inc. (the Organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota

November 25, 2019

Simpson Housing Services, Inc.  
Consolidated Statements of Financial Position  
June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 711,973	\$ 336,227	\$ 1,048,200
Restricted cash - other	133,574	-	133,574
Restricted cash - escrow and reserves	125,625	-	125,625
Certificates of deposit	206,904	-	206,904
Accounts receivable	2,485	-	2,485
Promises to give	74,079	150,000	224,079
Grants receivable	420,670	-	420,670
Prepaid expenses	49,889	-	49,889
Total current assets	1,725,199	486,227	2,211,426
Investments	168,431	2,356,019	2,524,450
Property and Equipment, Net	1,734,449	-	1,734,449
Total assets	<u>\$ 3,628,079</u>	<u>\$ 2,842,246</u>	<u>\$ 6,470,325</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Current portion of debt	\$ 25,919	\$ -	\$ 25,919
Accounts payable	48,100	-	48,100
Accrued expenses	292,121	-	292,121
Deferred revenue	8,072	-	8,072
Total current liabilities	374,212	-	374,212
<b>Long-Term Liabilities</b>			
Debt, net of current portion	1,097,906	-	1,097,906
Total liabilities	1,472,118	-	1,472,118
<b>Net Assets</b>			
<b>Without donor restrictions</b>			
Undesignated	2,097,982	-	2,097,982
Designated by the Board for endowment	57,979	-	57,979
Total without donor restrictions	2,155,961	-	2,155,961
<b>With donor restrictions</b>			
	-	2,842,246	2,842,246
Total net assets	2,155,961	2,842,246	4,998,207
Total liabilities and net assets	<u>\$ 3,628,079</u>	<u>\$ 2,842,246</u>	<u>\$ 6,470,325</u>

Simpson Housing Services, Inc.  
Consolidated Statements of Financial Position  
June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 481,905	\$ 135,049	\$ 616,954
Restricted cash - other	151,015	-	151,015
Restricted cash - escrow and reserves	133,375	-	133,375
Certificates of deposit	206,904	-	206,904
Promises to give	-	100,000	100,000
Grants receivable	351,243	-	351,243
Prepaid expenses	33,991	-	33,991
Total current assets	1,358,433	235,049	1,593,482
Property and Equipment, Net	1,385,043	-	1,385,043
Total assets	<u>\$ 2,743,476</u>	<u>\$ 235,049</u>	<u>\$ 2,978,525</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Current portion of debt	\$ 24,657	\$ -	\$ 24,657
Accounts payable	24,135	-	24,135
Accrued expenses	258,203	-	258,203
Deferred revenue	7,176	-	7,176
Total current liabilities	314,171	-	314,171
<b>Long-Term Liabilities</b>			
Debt, net of current portion	1,123,825	-	1,123,825
Total liabilities	1,437,996	-	1,437,996
<b>Net Assets</b>			
Without donor restrictions	1,305,480	-	1,305,480
With donor restrictions	-	235,049	235,049
Total net assets	1,305,480	235,049	1,540,529
Total liabilities and net assets	<u>\$ 2,743,476</u>	<u>\$ 235,049</u>	<u>\$ 2,978,525</u>

Simpson Housing Services, Inc.  
Consolidated Statements of Activities  
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 2,604,087	\$ 2,729,815	\$ 5,333,902
In-kind contributions	777,466	-	777,466
Government contracts	5,141,142	-	5,141,142
Contract income	614,712	-	614,712
United Way	169,250	-	169,250
Rental income	478,449	-	478,449
Gross special event revenue	183,657	-	183,657
Less cost of direct benefits to donors	(112,621)	-	(112,621)
Net special events revenue	71,036	-	71,036
Other income	20,803	-	20,803
Net investment return	24,451	-	24,451
Net assets released from restrictions	122,618	(122,618)	-
Total support and revenue	<u>10,024,014</u>	<u>2,607,197</u>	<u>12,631,211</u>
<b>Expenses</b>			
Program services			
Shelters	899,328	-	899,328
Navigation Center	975,617	-	975,617
Family housing	3,392,339	-	3,392,339
Single services	2,949,675	-	2,949,675
Advocacy	23,178	-	23,178
Total program services	<u>8,240,137</u>	<u>-</u>	<u>8,240,137</u>
Support services			
Management and general	620,225	-	620,225
Fundraising	313,171	-	313,171
Total support services	<u>933,396</u>	<u>-</u>	<u>933,396</u>
Total operating expenses	<u>9,173,533</u>	<u>-</u>	<u>9,173,533</u>
Change in Operating Net Assets	<u>850,481</u>	<u>2,607,197</u>	<u>3,457,678</u>
<b>Non-Operating Activity</b>			
In-kind contributions	161,709	-	161,709
In-kind expense	(161,709)	-	(161,709)
Total non-operating activity	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	850,481	2,607,197	3,457,678
Net Assets, Beginning of Year	<u>1,305,480</u>	<u>235,049</u>	<u>1,540,529</u>
Net Assets, End of Year	<u>\$ 2,155,961</u>	<u>\$ 2,842,246</u>	<u>\$ 4,998,207</u>

Simpson Housing Services, Inc.  
Consolidated Statements of Activities  
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Contributions	\$ 1,205,684	\$ 119,500	\$ 1,325,184
In-kind contributions	302,704	-	302,704
Government contracts	4,630,358	-	4,630,358
Contract income	593,185	-	593,185
United Way	169,251	-	169,251
Rental income	405,129	-	405,129
Special event revenue	173,987	-	173,987
Less cost of direct benefits to donors	(89,225)	-	(89,225)
Net special events revenue	<u>84,762</u>	<u>-</u>	<u>84,762</u>
Other income	31,214	-	31,214
Net investment return	-	-	-
Net assets released from restrictions	<u>32,632</u>	<u>(32,632)</u>	<u>-</u>
Total support and revenue	<u>7,454,919</u>	<u>86,868</u>	<u>7,541,787</u>
<b>Expenses</b>			
Program services			
Shelters	804,077	-	804,077
Family housing	3,311,371	-	3,311,371
Single services	2,617,845	-	2,617,845
Advocacy	24,153	-	24,153
Total program services	<u>6,757,446</u>	<u>-</u>	<u>6,757,446</u>
Support services			
Management and general	456,677	-	456,677
Fundraising	258,134	-	258,134
Total support services	<u>714,811</u>	<u>-</u>	<u>714,811</u>
Total operating expenses	<u>7,472,257</u>	<u>-</u>	<u>7,472,257</u>
Change in Operating Net Assets	<u>(17,338)</u>	<u>86,868</u>	<u>69,530</u>
<b>Non-Operating Activity</b>			
In-kind contributions	179,545	-	179,545
In-kind expense	(179,545)	-	(179,545)
Total non-operating activity	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(17,338)	86,868	69,530
Net Assets, Beginning of Year	<u>1,322,818</u>	<u>148,181</u>	<u>1,470,999</u>
Net Assets, End of Year	<u>\$ 1,305,480</u>	<u>\$ 235,049</u>	<u>\$ 1,540,529</u>

Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services					Total Program Services	Support Services			Total Expenses
	Shelters	Navigation Center	Family Housing	Single Services	Advocacy		Management and General	Fundraising	Total Support Services	
Expenses										
Salaries	\$ 451,355	\$ 434,887	\$ 1,233,753	\$ 960,505	\$ 19,219	\$ 3,099,719	\$ 394,073	\$ 168,443	\$ 562,516	\$ 3,662,235
Employee benefits	60,961	25,201	179,900	146,521	-	412,583	20,294	16,815	37,109	449,692
Payroll taxes	34,723	32,541	92,747	73,265	1,417	234,693	28,949	12,781	41,730	276,423
Total salaries and related expenses	547,039	492,629	1,506,400	1,180,291	20,636	3,746,995	443,316	198,039	641,355	4,388,350
Rental assistance and housing support	196,776	129,762	1,336,871	1,578,547	-	3,241,956	-	-	-	3,241,956
Shelter rent expense	62,112	-	-	-	-	62,112	-	-	-	62,112
Supplies	39,655	40,457	16,857	10,196	40	107,205	17,877	1,850	19,727	126,932
Interest expense	-	-	132,295	-	-	132,295	-	-	-	132,295
Transportation	280	793	35,825	30,559	282	67,739	3,858	260	4,118	71,857
Insurance	5,953	1,369	20,878	11,289	-	39,489	1,544	1,337	2,881	42,370
Professional fees	4,637	280,974	48,434	11,624	-	345,669	84,617	61,344	145,961	491,630
Office space	7,108	32	31,248	48,981	-	87,369	11,063	-	11,063	98,432
Telephone and utilities	8,220	4,535	22,730	17,451	-	52,936	15,212	687	15,899	68,835
Repairs and maintenance	16,717	3,127	66,563	13,944	-	100,351	-	202	202	100,553
Program events	-	932	22,742	7,722	2,188	33,584	1,900	127	2,027	35,611
Printing and postage	2,571	744	8,334	12,462	-	24,111	4,923	25,793	30,716	54,827
Dues and subscriptions	1,896	1,242	1,966	3,497	-	8,601	2,430	21,300	23,730	32,331
Professional development and recruitment	2,313	7,022	10,028	5,123	7	24,493	14,456	1,005	15,461	39,954
Bank charges	-	-	-	-	-	-	4,296	-	4,296	4,296
Special events	-	-	-	-	-	-	-	-	112,621	112,621
Miscellaneous	2,427	11,999	35,814	17,989	25	68,254	3,864	472	4,336	72,590
Total operating expenses excluding depreciation	897,704	975,617	3,296,985	2,949,675	23,178	8,143,159	609,356	425,037	1,034,393	9,177,552

Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services					Total Program Services	Support Services			Total Expenses
	Shelters	Navigation Center	Family Housing	Single Services	Advocacy		Management and General	Fundraising	Total Support Services	
Simpson Housing Services depreciation	\$ 1,624	\$ -	\$ 12,634	\$ -	\$ -	\$ 14,258	\$ 10,869	\$ 755	\$ 11,624	\$ 25,882
Passage Community Housing depreciation	-	-	82,720	-	-	82,720	-	-	-	82,720
	1,624	-	95,354	-	-	96,978	10,869	755	11,624	108,602
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	(112,621)	(112,621)	(112,621)
Total operating expenses	899,328	975,617	3,392,339	2,949,675	23,178	8,240,137	620,225	313,171	933,396	9,173,533
Non-operating in-kind expense	73,755	-	65,828	22,126	-	161,709	-	-	-	161,709
Total expenses	\$ 973,083	\$ 975,617	\$ 3,458,167	\$ 2,971,801	\$ 23,178	\$ 8,401,846	\$ 620,225	\$ 313,171	\$ 933,396	\$ 9,335,242

Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services				Total Program Services	Support Services			Total Expenses
	Shelters	Family Housing	Single Services	Advocacy		Management and General	Fundraising	Total Support Services	
Expenses									
Salaries	\$ 380,222	\$ 1,225,281	\$ 877,217	\$ 21,068	\$ 2,503,788	\$ 288,094	\$ 163,613	\$ 451,707	\$ 2,955,495
Employee benefits	66,705	202,282	122,877	-	391,864	13,757	16,823	30,580	422,444
Payroll taxes	29,024	89,984	66,288	1,531	186,827	25,453	12,231	37,684	224,511
Total salaries and related expenses	475,951	1,517,547	1,066,382	22,599	3,082,479	327,304	192,667	519,971	3,602,450
Rental assistance and housing support	176,089	1,279,341	1,356,688	-	2,812,118	-	-	-	2,812,118
Shelter rent expense	68,270	-	-	-	68,270	-	-	-	68,270
Supplies	34,792	9,556	15,769	-	60,117	1,028	1,557	2,585	62,702
Interest expense	-	129,486	-	-	129,486	-	-	-	129,486
Transportation	379	36,967	35,264	22	72,632	2,123	557	2,680	75,312
Insurance	5,043	21,810	9,000	-	35,853	1,438	1,284	2,722	38,575
Professional fees	4,975	45,217	13,450	-	63,642	43,086	9,004	52,090	115,732
Office space	2,296	27,342	49,306	-	78,944	11,648	-	11,648	90,592
Telephone and utilities	6,094	22,921	14,900	-	43,915	16,083	654	16,737	60,652
Repairs and maintenance	14,935	45,961	13,679	-	74,575	103	153	256	74,831
Program events	169	19,788	4,386	1,532	25,875	8,167	1,533	9,700	35,575
Printing and postage	2,829	10,702	14,978	-	28,509	4,547	30,852	35,399	63,908
Dues and subscriptions	-	1,671	4,923	-	6,594	2,865	17,723	20,588	27,182
Professional development and recruitment	1,052	4,856	4,648	-	10,556	11,934	658	12,592	23,148
Bank charges	-	-	-	-	-	4,640	-	4,640	4,640
Special events	-	-	-	-	-	-	89,225	89,225	89,225
Miscellaneous	4,466	45,050	14,376	-	63,892	1,526	287	1,813	65,705
Total operating expenses excluding depreciation	797,340	3,218,215	2,617,749	24,153	6,657,457	436,492	346,154	782,646	7,440,103

Simpson Housing Services, Inc.  
Consolidated Statements of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services				Total Program Services	Support Services			Total Expenses
	Shelters	Family Housing	Single Services	Advocacy		Management and General	Fundraising	Total Support Services	
Simpson Housing Services depreciation	\$ 6,737	\$ 6,933	\$ 96	\$ -	\$ 13,766	\$ 20,185	\$ 1,205	\$ 21,390	\$ 35,156
Passage Community Housing depreciation	-	86,223	-	-	86,223	-	-	-	86,223
	<u>6,737</u>	<u>93,156</u>	<u>96</u>	<u>-</u>	<u>99,989</u>	<u>20,185</u>	<u>1,205</u>	<u>21,390</u>	<u>121,379</u>
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	(89,225)	(89,225)	(89,225)
Total operating expenses	<u>804,077</u>	<u>3,311,371</u>	<u>2,617,845</u>	<u>24,153</u>	<u>6,757,446</u>	<u>456,677</u>	<u>258,134</u>	<u>714,811</u>	<u>7,472,257</u>
Non-operating in-kind expense	<u>78,942</u>	<u>76,920</u>	<u>23,683</u>	<u>-</u>	<u>179,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,545</u>
Total expenses	<u>\$ 883,019</u>	<u>\$ 3,388,291</u>	<u>\$ 2,641,528</u>	<u>\$ 24,153</u>	<u>\$ 6,936,991</u>	<u>\$ 456,677</u>	<u>\$ 258,134</u>	<u>\$ 714,811</u>	<u>\$ 7,651,802</u>

Simpson Housing Services, Inc.  
Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ 3,457,678	\$ 69,530
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	108,602	121,379
Net investment return	(24,451)	-
Contributed land and building capitalized	(450,000)	-
Loss on disposal of property and equipment	526	-
Changes in operating assets and liabilities		
Accounts receivable	(2,485)	2,331
Promises to give	(124,079)	(100,000)
Grants receivable	(69,427)	(73,006)
Prepaid expenses	(15,898)	(31,405)
Accounts payable	23,965	11,382
Accrued expenses	33,918	(20,291)
Deferred revenue	896	805
Net Cash from (used for) Operating Activities	<u>2,939,245</u>	<u>(19,275)</u>
Investing Activities		
Purchase of property and equipment	(8,534)	(29,034)
Change in restricted cash - escrows and reserves	7,750	21,190
Purchase of investments	(2,706,903)	(206,904)
Proceeds from sale of investments	206,904	206,592
Net Cash from (used for) Investing Activities	<u>(2,500,783)</u>	<u>(8,156)</u>
Financing Activities		
Payments on notes payable	(24,657)	(23,457)
Net Change in Cash and Cash Equivalents	413,805	(50,888)
Cash and Cash Equivalents, Beginning of Year	<u>767,969</u>	<u>818,857</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,181,774</u>	<u>\$ 767,969</u>
Supplemental Disclosure		
Cash paid for interest	<u>\$ 3,678</u>	<u>\$ 4,878</u>
Supplemental Disclosure of Non-Cash Investing Activity		
Contributed land and building capitalized	<u>\$ 450,000</u>	<u>\$ -</u>

## **Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Simpson Housing Services, Inc. (the Organization) was incorporated on July 26, 1993, pursuant to the Minnesota Nonprofit Corporation Act. The Organization is dedicated to providing shelter and affordable housing with support services to homeless or imminently homeless families, men, women, and children, to assist them in their efforts to improve their life situation and to advocate for their human and civil rights. The mission is to house, support, and advocate for people experiencing homelessness. The Organization's program activities are:

### Shelters

The Emergency Shelter provides overnight shelter accommodations for up to 44 single men and 22 single women. Staff regularly meet with guests to work towards resolving housing barriers - connecting guests to resources to support ongoing stability, including a variety of housing assistance programs and supportive housing options, Veteran's services, and services to support stability in mental, chemical, and physical health.

Guests receive access to showers, laundry, toiletries, mail, and a savings program, as well as on-site mental health services, healthcare, and Veteran's services. The shelter has a savings program in which guests are encouraged to save money to apply toward more stable housing when they leave. Volunteers serve a hot meal nightly, and guests receive breakfast and a bag lunch as they leave each morning.

### Navigation Center

In November 2018, the Organization was selected by the City of Minneapolis and community partners to provide shelter operational support for the Navigation Center. Given the Organization's 37 years of experience operating shelter, they were positioned to design a low-barrier and service-rich temporary shelter, operating 24 hours to serve the predominately Native American community who had been living at the Franklin-Hiawatha encampment.

The Navigation Center opened its doors on December 11, 2018, providing safe shelter and onsite resources 24 hours per day. The Navigation Center ended operations on June 3, 2019. While the center was open, 176 individuals were served, and 74 individuals achieved positive destinations like housing, nursing homes, or treatment programs. At the time of closing, 35 people were still actively working on a housing placement.

### Family Housing

- Transitions – To provide up to two years of rental subsidy and case management services for 15 homeless families. Program emphasis is on locating permanent housing, continuing education, and employment.
- Passage Community Housing, LLC – An Organization-owned, 17-unit apartment building, providing transitional housing and case management to resident families. Program emphasis is on locating permanent housing, continuing education, and employment.
- Rapid Rehousing Program – To provide short-term rental assistance and case management services for 30 homeless families. Program emphasis is on maintaining permanent housing and employment.

- Cedar View, Youth Housing – A supportive housing project for homeless families with a youth parent. Parents must be between the ages of 18 and 24. Case management services are provided for 10 families at an affordable housing project owned by Beacon Interfaith Housing Collaborative in South Minneapolis.
- Young Parent Program – To provide short-term rental assistance and case management services for 12 families. Parents must be between the ages of 18 and 24. Program emphasis is on locating permanent housing, continued education, and employment.
- Third Avenue Townhomes – A permanent supportive housing project for homeless families with a disabled family member. Case management services are provided for five families at a HUD rental certificate program Section 8 (Section 8) affordable housing project owned by Beacon Interfaith Housing Collaborative in South Minneapolis.
- Transitional Housing Program (THP) – To provide up to two years of rental subsidy and case management services for 13 homeless families. Program emphasis is on locating permanent housing, continuing education, and employment.
- Rental Assistance Program (RAP) – To provide long-term rental assistance and limited support services for 27 families. The program is designed to provide housing stability.
- Children and Youth Services – To provide educational support services designed to affect positive change in family dynamics and child educational success by providing parenting support, tutoring, mentoring, and direct children’s services.
- Riverside Plaza – A permanent supportive housing project for long-term homeless families. Case management services are provided for 15 families at a Section 8 affordable housing project owned by Sherman Associates in the West Bank neighborhood of Minneapolis.
- Family Roots Alliance (FRA) – A permanent supportive housing collaboration between Lutheran Social Service of Minnesota and Simpson Housing Services. Forty long-term homeless families live in scattered-site housing in the West Metro and are provided rental assistance and case management services.
- Elliot Park Apartments – A permanent supportive housing project for long-term homeless families. Case management services are provided for eight families at a Section 8 affordable housing project owned by Community Housing Development Corporation in the Elliot Park neighborhood near downtown Minneapolis.
- Housing First – A permanent supportive housing project for long-term homeless families with a disabled family member. Fifty-two families live in site-based and scattered-site housing in Hennepin and Carver Counties and are provided rental assistance and case management services.

#### Single Services

- Rapid Rehousing – To provide short-term rental assistance and case management services for single adults moving directly from shelter to stable housing. Program emphasis is on locating permanent housing and employment.
- Adult Shelter Connect – Simpson Housing Services, in collaboration with the four other shelter providers serving single adults in Hennepin County, opened the Adult Shelter Connect office located at St. Olaf Church in Minneapolis. Single adults who are in need of emergency shelter visit Adult Shelter Connect for an assessment and placement with one of the five Minneapolis shelters and referrals to other services.

- Opportunity Housing Partnership (OHP) – A collaboration between Simpson Housing Services, Aeon, and Avivo. The partnership provides support to residents at Aeon’s OHP properties, the Lamoreaux, and the Continental. These two buildings provide 129 formerly homeless adults with a safe and permanent home and provides support services to help residents regain and maintain stability in their lives, homes, and community.
- Women’s Housing Partnership (WHP) and Single Adult Rental Assistance (SARA) – To provide 50 single adults with rental subsidy and case management needed to obtain and maintain permanent housing after experiencing long-term homelessness. The program includes intensive support services and weekly meetings with an advocate/case manager.
- 66 West, Youth Housing – A supportive housing project for youth, ages 16-24, transitioning out of homelessness. Case management services are provided for 39 youth at an affordable housing project owned by Beacon Interfaith Housing Collaborative in Edina. Program emphasis is on setting and working toward personal goals in education, employment, and wellness.

#### Advocacy

The focus of public policy advocacy activities at Simpson Housing is to support changes that serve the needs of the community we serve. Our program empowers staff, participants, and volunteers to speak to state legislators about funding, housing, and economic equity legislation. We pay for staff time to organize events that promote public awareness, policy change, and initiatives of the Racial Justice Task Force.

#### **Principles of Consolidation**

The consolidated financial statements include the Organization’s wholly owned subsidiary, Passage Community Housing, LLC, because Simpson Housing Services, Inc. has both control of and economic interest in Passage Community Housing, LLC. All material intercompany transactions have been eliminated. Unless otherwise noted, the consolidated entities are hereinafter referred to as the Organization.

#### **Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Restricted cash – other is considered to be cash and cash equivalents.

#### **Restricted Cash – Escrows and Reserves**

Passage Community Housing, LLC has specific agreements which require the establishment of tax and insurance escrows, replacement reserves, residual receipts, and development cost escrows. Restricted cash related to these items is not considered to be cash and cash equivalents.

#### **Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

### **Receivables and Credit Policies**

Accounts receivable and grants receivable are stated at net realizable value. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. There was no allowance recorded at June 30, 2019 or 2018.

### **Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. All promises to give are current and due within one year. There was no allowance recorded at June 30, 2019 or 2018.

### **Property and Equipment**

Property and equipment additions over \$1,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

### **Compensated Absences**

Under the Organization's policies and procedures, employees are granted vacation leave based on the number of years of experience they have at the Organization. Employees may accumulate a maximum of 80 hours of their earned paid time off (PTO) leave benefit. Unused accumulated PTO, up to 80 hours, is paid to employees upon termination.

## Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Generally accepted accounting principles in the United States establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

## Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Contributed Property and Services**

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Property, services, and other non-cash donations are recorded as in-kind contributions at their estimated market value at the date of donation.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Total volunteer hours for 2019 and 2018 were approximately 28,900 and 31,800, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated based on full time equivalents utilizing each facility and by function. Salaries, benefits, payroll taxes, and professional fees are classified by functional area. Additionally, interest, insurance, and other, are allocated on the basis of full time equivalents by functional area.

### **Income Taxes**

The Organization is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). Passage Community Housing, LLC maintains exempt status under the Organizations exemption since the Organization is the sole member of Passage Community Housing, LLC. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The organization has determined it does not have any unrelated trade or business activities; however, it has filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for disallowed fringes as required by the Tax Cuts & Jobs Act.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Financial Instruments and Credit Risk**

The Organization manages deposit concentration risk by placing cash and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable, promises to give, and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and nonprofit organizations supportive of the Organization's mission.

### **Change in Accounting Policy**

As of July 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Organization's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Organization's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the disclosure about liquidity and availability of resources. The Organization has elected not to present comparative information for this amendment.

### **Subsequent Events**

The Organization has evaluated subsequent events through November 25, 2019, the date which the consolidated financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses.

Financial assets available to meet cash needs for general expenditures within one year consist of the following:

- Assets without donor restrictions listed below.
- Contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, expected to be used in the next 12 months.

	2019
Assets Without Donor Restrictions Available	
Within 12 Months	
Cash and cash equivalents	\$ 711,973
Certificates of deposit	206,904
Accounts receivable, net	2,485
Grants receivable, net	420,670
Investments	168,431
	1,510,463
Assets With Donor Restrictions Available	
Within 12 Months:	
Cash and cash equivalents	177,514
Investments	500,000
Total	\$ 2,187,977

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds

**Note 3 - Investments**

The following is a summary of investments as of June 30, 2019 and 2018:

	2019	2018
Short term investments		
Certificates of deposit	\$ 206,904	\$ 206,904
Other investments		
Cash and money market funds	720,570	-
Certificates of deposit	604,356	-
U.S. Government obligations	1,199,524	-
	\$ 2,731,354	\$ 206,904

The Organization invests in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. Cash and money market funds are recorded at cost.

**Note 4 - Restricted Cash**

Certain cash balances are restricted as of June 30, 2019 and 2018, for the following purposes:

	2019	2018
Transitional housing	\$ 111,424	\$ 117,045
Shelter guest savings	5,216	15,242
Security deposits (Passage)	16,934	18,728
Escrows and reserves (Passage)	125,625	133,375
	\$ 259,199	\$ 284,390

**Real Estate Tax and Insurance Escrow**

The Minnesota Housing Finance Agency (MHFA) mortgage agreement requires the establishment of a property tax and insurance escrow. These amounts are held by MHFA. Amounts consisted of \$0 and \$2,316, respectively, as of June 30, 2019, and \$46 and \$8,773, respectively, as of June 30, 2018, for property tax insurance escrow.

**Replacement Reserve**

The MHFA mortgage agreement requires a certain amount to be set aside for maintenance work on the property. These amounts are held by MHFA. As of June 30, 2019 and 2018, the replacement reserve balance totaled \$57,181 and \$59,958, respectively.

### Development Cost Escrow

The MHFA mortgage agreement requires a certain amount to be set aside in the event the Organization cannot meet debt service requirements. These amounts are held by MHFA. As of June 30, 2019 and 2018, the development cost escrow balance totaled \$0 and \$0, respectively.

### Residual Receipts

The MHFA mortgage agreement requires a certain amount to be set aside for excess cash payments made among other escrow and reserve accounts. These amounts are held by MHFA. As of June 30, 2019 and 2018, the replacement reserve balance totaled \$66,128 and \$64,598, respectively.

### Note 5 - Property and Equipment

Property and equipment as of June 30, 2019 and 2018, consists of the following:

	2019	2018
Land	\$ 490,000	\$ 260,500
Building	1,590,000	1,369,500
Vehicles	36,363	36,363
Building improvements	645,713	1,080,898
Furniture and equipment	96,440	116,818
	2,858,516	2,864,079
Less accumulated depreciation	(1,124,067)	(1,479,036)
	\$ 1,734,449	\$ 1,385,043

For many years, Simpson Housing Services rented a portion of a building owned by the Simpson United Methodist Church (SUMC) and provided its emergency shelter services in this space. In May 2019, the SUMC donated the land and building to the Organization. The fair value of the donated land and building included in net property and equipment totaled \$229,500 and \$220,500, respectively for the year ended June 30, 2019.

Currently, the Organization is developing plans to transform this site into a new shelter and housing facility with expanded services and the addition of 40 units of affordable, supportive housing. As part of these plans, the Organization has established a Comprehensive Campaign to raise the funds to support these building and service expansion plans, as well as offices and other strategic investments.

**Note 6 - Notes and Mortgage Payable**

The Organization has various debt agreements for interest-bearing and non-interest-bearing loans. The following schedule of debt reflects the balance of outstanding loans at June 30, 2019 and 2018:

	2019	2018
5% mortgage note payable to Minnesota Housing Finance Agency (MHFA). Payable in monthly amounts of \$2,631, including interest, with the last payment due September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 1	\$ 60,095	\$ 84,752
0% installment note payable to MHFA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 2	35,000	35,000
0% installment note payable to City Finance Agency is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 3	425,730	425,730
1% installment note payable to City Finance Agency is due if units are not used for low income housing through July 2033. If the Organization is not in default of the loan through that date, the note is due in one lump sum, including interest, in July 2033. Secured by assets of Passage Community Housing, LLC. Lien Priority 4	300,000	300,000
0% installment note payable to MHFA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 5	148,500	148,500
0% installment note payable to MHFA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum, in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 6	120,500	120,500

	2019	2018
<p>0% installment note payable to Wells Fargo Bank Minnesota, NA is due if units are not used for low income housing through September 2021. If the Organization is not in default of the loan through that date, the note is due in one lump sum, in September 2021. Secured by assets of Passage Community Housing, LLC. Lien Priority 7</p>	<p><u>\$ 34,000</u> <u>1,123,825</u></p>	<p><u>\$ 34,000</u> <u>1,148,482</u></p>
<p>Less current portion</p>	<p><u>25,919</u></p>	<p><u>24,657</u></p>
<p>Long-term portion</p>	<p><u>\$ 1,097,906</u></p>	<p><u>\$ 1,123,825</u></p>

Order of lien priority was agreed upon in the Management and Assumption Agreement between MHFA and Passage Community Housing, LLC.

Future principal payments required are as follows:

Years Ending June 30,	Amount
2020	\$ 25,919
2021	27,245
2022	770,661
2023	-
Thereafter	<u>300,000</u>
	<u>\$ 1,123,825</u>

In-kind interest expense of \$120,850 for below-market loans has been recorded as an in-kind contribution and included in interest expense for the year ended June 30, 2019 and 2018.

**Note 7 - Leases**

The Organization leases office space and office equipment under non-cancelable operating leases. Minimum future rental payments under the non-cancelable leases for each year during the remaining lease terms are as follows:

Years Ending June 30,	Office Space	Office Equipment	Total
2020	\$ 13,479	\$ 19,826	\$ 33,305
2021	-	18,746	18,746
2022	-	17,828	17,828
2023	-	6,139	6,139
	<u>\$ 13,479</u>	<u>\$ 62,539</u>	<u>\$ 76,018</u>

Lease expense for the year ended June 30, 2019 and 2018, was \$126,707 and \$123,265, respectively.

**Note 8 - Board Designated Endowment**

As of June 30, 2019, \$57,979 of net assets without donor restrictions were included in an endowment created by and designated by the Board of Directors. The Board has designated this endowment for major capital expenditures or new projects or programs. In a 12-month period, expenditures from the Board designated endowment may not exceed 10% of the overall value of the fund. All expenditures from the fund must be approved by the Board.

As of June 30, 2018, there was no Board designated endowment fund.

**Note 9 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as June 30, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose		
Child and Youth Services	\$ 9,456	\$ 17,369
Shelter	48,059	6,289
Emerson Legacy Fund	108,712	111,391
Day 1 Family Fund	2,356,019	-
Comprehensive Campaign	100,000	-
Subject to the passage of time	220,000	100,000
	<u>\$ 2,842,246</u>	<u>\$ 235,049</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018, consist of the following:

	2019	2018
Satisfaction of purpose restrictions		
Child and Youth Services	\$ 13,651	\$ 22,506
Shelter	6,289	1,714
Emerson Legacy Fund	2,678	8,412
Expiration of time restrictions	100,000	-
	\$ 122,618	\$ 32,632

**Note 10 - Donated Materials and Interest**

The fair value of donated materials included in special event revenue and as supporting services expenses for the years ended June 30, 2019 and 2018, totaled \$70,184 and \$59,547, respectively. The fair value of donated materials included as non-operating revenue and expense for the years ended June 30, 2019 and 2018, totaled \$161,709 and \$175,082, respectively. The fair value of donated materials (primarily meals) included as program service expense for the years ended June 30, 2019 and 2018, totaled \$206,616 and \$179,545.

The estimated value of donated interest expense on non-interest bearing or below market mortgages and notes payable has been included as program services expenses for the years ended June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018, this totaled to \$120,850 for both years.

**Note 11 - Retirement Plan**

The Organization has a Simple IRA plan for all eligible employees. The annual employer's matching contribution is mandatory. The contributions made by the Organization totaled \$56,689 and \$60,748 for the years ended June 30, 2019 and 2018, respectively.



Supplementary Information  
June 30, 2019 and 2018

**Simpson Housing Services, Inc.**



## Independent Auditor's Report on Supplementary Information

The Board of Directors  
Simpson Housing Services, Inc.  
Minneapolis, Minnesota

We have audited the consolidated financial statements of Simpson Housing Services, Inc. as of and for the years ended June 30, 2019 and 2018, and our report thereon dated November 25, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 27 through 33 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

*Eide Bailly LLP*

Minneapolis, Minnesota  
November 25, 2019

Simpson Housing Services, Inc.  
Consolidating Statement of Financial Position  
June 30, 2019

	<u>Simpson Housing Services, Inc.</u>	<u>Passage Community Housing, LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,045,142	\$ 3,058	\$ -	\$ 1,048,200
Restricted cash - other	116,640	16,934	-	133,574
Restricted cash - escrow and reserves	-	125,625	-	125,625
Certificates of deposit	206,904	-	-	206,904
Accounts receivable	-	2,485	-	2,485
Promises to give	224,079	-	-	224,079
Grants receivable	420,670	-	-	420,670
Prepaid expenses	49,889	-	-	49,889
Total current assets	<u>2,063,324</u>	<u>148,102</u>	<u>-</u>	<u>2,211,426</u>
Investments	<u>2,524,450</u>	<u>-</u>	<u>-</u>	<u>2,524,450</u>
Property and Equipment, Net	<u>895,084</u>	<u>839,365</u>	<u>-</u>	<u>1,734,449</u>
Total assets	<u>\$ 5,482,858</u>	<u>\$ 987,467</u>	<u>\$ -</u>	<u>\$ 6,470,325</u>

Simpson Housing Services, Inc.  
Consolidating Statement of Financial Position  
June 30, 2019

	Simpson Housing Services, Inc.	Passage Community Housing	Eliminations	Total
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Current portion of debt	\$ -	\$ 25,919	\$ -	\$ 25,919
Accounts payable	44,757	3,343	-	48,100
Accrued expenses	227,029	65,092	-	292,121
Deferred revenue	8,072	-	-	8,072
Total current liabilities	279,858	94,354	-	374,212
<b>Long-Term Liabilities</b>				
Debt, net of current portion	-	1,097,906	-	1,097,906
Total liabilities	279,858	1,192,260	-	1,472,118
<b>Net Assets</b>				
<b>Without donor restrictions</b>				
Undesignated	2,302,775	(204,793)	-	2,097,982
Designated by the Board for endowment	57,979	-	-	57,979
Total without donor restrictions	2,360,754	(204,793)	-	2,155,961
With donor restrictions	2,842,246	-	-	2,842,246
Total net assets	5,203,000	(204,793)	-	4,998,207
Total liabilities and net assets	\$ 5,482,858	\$ 987,467	\$ -	\$ 6,470,325

Simpson Housing Services, Inc.  
Consolidating Statement of Financial Position  
June 30, 2018

	Simpson Housing Services, Inc.	Passage Community Housing, LLC	Eliminations	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 608,012	\$ 8,942	\$ -	\$ 616,954
Restricted cash - other	132,287	18,728	-	151,015
Restricted cash - escrow and reserves	-	133,375	-	133,375
Certificates of deposit	206,904	-	-	206,904
Promises to give	100,000	-	-	100,000
Grants receivable	351,243	-	-	351,243
Prepaid expenses	33,991	-	-	33,991
Total current assets	1,432,437	161,045	-	1,593,482
Property and Equipment, Net	462,958	922,085	-	1,385,043
Total assets	<u>\$ 1,895,395</u>	<u>\$ 1,083,130</u>	<u>\$ -</u>	<u>\$ 2,978,525</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Current portion of debt	\$ -	\$ 24,657	\$ -	\$ 24,657
Accounts payable	19,834	4,301	-	24,135
Accrued expenses	193,693	64,510	-	258,203
Deferred revenue	5,489	1,687	-	7,176
Total current liabilities	219,016	95,155	-	314,171
<b>Long-Term Liabilities</b>				
Debt, net of current portion	-	1,123,825	-	1,123,825
Total liabilities	219,016	1,218,980	-	1,437,996
<b>Net Assets</b>				
Without donor restrictions	1,441,330	(135,850)	-	1,305,480
With donor restrictions	235,049	-	-	235,049
Total net assets	1,676,379	(135,850)	-	1,540,529
Total liabilities and net assets	<u>\$ 1,895,395</u>	<u>\$ 1,083,130</u>	<u>\$ -</u>	<u>\$ 2,978,525</u>

Simpson Housing Services, Inc.  
Consolidating Statement of Activities  
Year Ended June 30, 2019

	Simpson Housing Services, Inc.	Passage Community Housing, LLC	Eliminations	Total
<b>Without Donor Restrictions Activities</b>				
<b>Support and revenue</b>				
Contributions	\$ 2,604,087	\$ -	\$ -	\$ 2,604,087
In-kind contributions	656,616	120,850	-	777,466
Government contracts	5,141,142	-	-	5,141,142
Contract income	651,492	-	(36,780)	614,712
United Way	169,250	-	-	169,250
Rental income	244,860	233,589	-	478,449
Gross special event revenue	183,657	-	-	183,657
Less cost of direct benefit to donors	(112,621)	-	-	(112,621)
Net special events revenue	71,036	-	-	71,036
Other income	16,116	4,687	-	20,803
Net investment return	24,451	-	-	24,451
Net assets released from restriction	122,618	-	-	122,618
Total support and revenue	<u>9,701,668</u>	<u>359,126</u>	<u>(36,780)</u>	<u>10,024,014</u>
<b>Expenses</b>				
<b>Program services</b>				
Shelters	899,328	-	-	899,328
Navigation Center	975,617	-	-	975,617
Family housing	3,007,850	428,069	(43,580)	3,392,339
Single services	2,949,675	-	-	2,949,675
Advocacy	23,178	-	-	23,178
Total program services	<u>7,855,648</u>	<u>428,069</u>	<u>(43,580)</u>	<u>8,240,137</u>
<b>Support services</b>				
Management and general	613,425	-	6,800	620,225
Fundraising	313,171	-	-	313,171
Total support services	<u>926,596</u>	<u>-</u>	<u>6,800</u>	<u>933,396</u>
Total operating expenses	<u>8,782,244</u>	<u>428,069</u>	<u>(36,780)</u>	<u>9,173,533</u>
Change in Net Assets Without Donor Restrictions	<u>919,424</u>	<u>(68,943)</u>	<u>-</u>	<u>850,481</u>
<b>Non-Operating Without Donor Restrictions Activity</b>				
In-I In-kind contributions	161,709	-	-	161,709
In-I In-kind expense	(161,709)	-	-	(161,709)
Total unrestricted non-operating activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Without Donor Restrictions	<u>919,424</u>	<u>(68,943)</u>	<u>-</u>	<u>850,481</u>

Simpson Housing Services, Inc.  
 Consolidating Statement of Activities  
 Year Ended June 30, 2019

	<u>Simpson Housing Services, Inc.</u>	<u>Passage Community Housing, LLC</u>	<u>Eliminations</u>	<u>Total</u>
With Donor Restrictions Activity				
Support and Revenue				
Contributions	\$ 2,729,815	\$ -	\$ -	\$ 2,729,815
Net assets released from restriction	<u>(122,618)</u>	<u>-</u>	<u>-</u>	<u>(122,618)</u>
Change in Net Assets With Donor Restrictions	<u>2,607,197</u>	<u>-</u>	<u>-</u>	<u>2,607,197</u>
Change in Net Assets	3,526,621	(68,943)	-	3,457,678
Net Assets, Beginning of Year	<u>1,676,379</u>	<u>(135,850)</u>	<u>-</u>	<u>1,540,529</u>
Net Assets, End of Year	<u>\$ 5,203,000</u>	<u>\$ (204,793)</u>	<u>\$ -</u>	<u>\$ 4,998,207</u>

Simpson Housing Services, Inc.  
Consolidating Statement of Activities  
Year Ended June 30, 2018

	Simpson Housing Services, Inc.	Passage Community Housing, LLC	Eliminations	Total
<b>Without Donor Restrictions Activities</b>				
<b>Support and revenue</b>				
Contributions	\$ 1,205,684	\$ -	\$ -	\$ 1,205,684
In-kind contributions	181,854	120,850	-	302,704
Government contracts	4,630,358	-	-	4,630,358
Contract income	629,965	-	(36,780)	593,185
United Way	169,251	-	-	169,251
Rental income	174,956	230,173	-	405,129
Gross special event revenue	173,987	-	-	173,987
Less cost of direct benefit to donors	(89,225)	-	-	(89,225)
Net special events revenue	84,762	-	-	84,762
Other income	27,471	3,743	-	31,214
Net assets released from restriction	32,632	-	-	32,632
Total support and revenue	<u>7,136,933</u>	<u>354,766</u>	<u>(36,780)</u>	<u>7,454,919</u>
<b>Expenses</b>				
<b>Program services</b>				
Shelters	804,077	-	-	804,077
Family housing	2,915,432	439,519	(43,580)	3,311,371
Single adult services	2,617,845	-	-	2,617,845
Advocacy	24,153	-	-	24,153
Total program services	<u>6,361,507</u>	<u>439,519</u>	<u>(43,580)</u>	<u>6,757,446</u>
<b>Support services</b>				
Management and general	449,877	-	6,800	456,677
Fundraising	258,134	-	-	258,134
Total support services	<u>708,011</u>	<u>-</u>	<u>6,800</u>	<u>714,811</u>
Total operating expenses	<u>7,069,518</u>	<u>439,519</u>	<u>(36,780)</u>	<u>7,472,257</u>
Change in Net Assets Without Donor Restrictions	<u>67,415</u>	<u>(84,753)</u>	<u>-</u>	<u>(17,338)</u>
<b>Non-Operating Without Donor Restrictions Activity</b>				
In-kind contributions	179,545	-	-	179,545
In-kind expense	(179,545)	-	-	(179,545)
Total non-operating activity without donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Without Donor Restrictions	<u>67,415</u>	<u>(84,753)</u>	<u>-</u>	<u>(17,338)</u>

Simpson Housing Services, Inc.  
 Consolidating Statement of Activities  
 Year Ended June 30, 2018

	<u>Simpson Housing Services, Inc.</u>	<u>Passage Community Housing, LLC</u>	<u>Eliminations</u>	<u>Total</u>
With Donor Restrictions Activity				
Support and Revenue				
Contributions	\$ 119,500	\$ -	\$ -	\$ 119,500
Net assets released from restriction	<u>(32,632)</u>	<u>-</u>	<u>-</u>	<u>(32,632)</u>
Change in Net Assets With Donor Restrictions	<u>86,868</u>	<u>-</u>	<u>-</u>	<u>86,868</u>
Change in Net Assets	154,283	(84,753)	-	69,530
Net Assets, Beginning of Year	<u>1,522,096</u>	<u>(51,097)</u>	<u>-</u>	<u>1,470,999</u>
Net Assets, End of Year	<u>\$ 1,676,379</u>	<u>\$ (135,850)</u>	<u>\$ -</u>	<u>\$ 1,540,529</u>