Coalition on Temporary Shelter

Financial Report

June 30, 2021

Contents

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Independent Auditor's Report

To the Board of Directors
Coalition on Temporary Shelter

Report on the Financial Statements

We have audited the accompanying financial statements of Coalition on Temporary Shelter (the "Organization"), which comprise the balance sheet as of June 30, 2021 and 2020 and the related statements of activities and changes in net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 qualified audit opinion.

Basis for Qualified Opinion

Consolidated financial statements are required for conformity with accounting principles generally accepted in the United States of America. As discussed in Note 1, these parent-only financial statements exclude entities that the Organization is required to consolidate in accordance with accounting principles generally accepted in the United States of America. The parent-only financial statements are being issued in addition to the 2021 and 2020 consolidated financial statements that include subsidiaries and variable interest entities. Information regarding the variable interest entities is disclosed in Note 16.

Qualified Opinion

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Coalition on Temporary Shelter as of June 30, 2021 and 2020 and the statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Coalition on Temporary Shelter

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of Coalition on Temporary Shelter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Coalition on Temporary Shelter's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 1, 2021

Balance Sheet

June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 2,122,325	$ 3,755,475
Investments (Note 13)	5,872,371	6,144,327
Receivables:		
Trade and grant - Net (Note 3)	818,226	545,197
Contributions receivable (Note 4)	809,087	450,000
Other accounts receivable	88,292	-
Prepaid expenses and other current assets	584,381	543,736
Total current assets	10,294,682	11,438,735
Other Assets - Related party receivable (Note 15)	8,887,177	7,933,645
Endowment (Notes 12 and 13)	1,273,407	1,021,039
Property and Equipment - Net (Note 6)	6,880,019	6,610,346
Total assets	**$ 27,335,285**	**$ 27,003,765**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 413,465	$ 911,065
Current portion of notes payable (Note 7)	350,000	350,000
Accrued wages	320,138	359,719
Other accrued liabilities	35,582	34,123
Total current liabilities	1,119,185	1,654,907
Long-term Note Payable (Note 7)	-	655,000
Deferred Gain (Note 2)	1,659,357	1,659,357
Total liabilities	2,778,542	3,969,264
Net Assets		
Without donor restrictions:		
Undesignated	21,370,173	20,313,443
Board designated	1,724,350	1,576,330
Total without donor restrictions	23,094,523	21,889,773
With donor restrictions (Note 14)	1,462,220	1,144,728
Total net assets	24,556,743	23,034,501
Total liabilities and net assets	**$ 27,335,285**	**$ 27,003,765**

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions	$ 1,234,950	$ 159,920	$ 1,394,870	$ 1,303,362	$ 46,374	$ 1,349,736
In-kind donations	122,240	-	122,240	212,896	-	212,896
Foundation and private grants	516,024	1,342,950	1,858,974	306,293	441,100	747,393
Federal grants	3,080,748	-	3,080,748	2,267,455	-	2,267,455
State grants	478,116	-	478,116	453,006	-	453,006
Reimbursement for services	8,785	-	8,785	23,659	-	23,659
Rental income	326,356	-	326,356	332,802	-	332,802
Net realized and unrealized gains on investments	168,044	106,504	274,548	6,572	4,564	11,136
Interest income	114,143	6,112	120,255	344,697	9,995	354,692
Endowment contributions	-	1,500	1,500	4,000	873	4,873
Miscellaneous income	697	-	697	8,445	-	8,445
Total revenue, gains, and other support	6,050,103	1,616,986	7,667,089	5,263,187	502,906	5,766,093
Net assets released from restrictions	1,299,494	(1,299,494)	-	1,195,454	(1,195,454)	-
Total revenue, gains, other support, and net assets released from restrictions	7,349,597	317,492	7,667,089	6,458,641	(692,548)	5,766,093
Expenses						
Program services:						
Affordable housing	127,148	-	127,148	127,508	-	127,508
Counseling and housing support	427,746	-	427,746	371,934	-	371,934
Emergency shelter	3,125,708	-	3,125,708	3,088,572	-	3,088,572
Transitional services	88,511	-	88,511	5,337	-	5,337
Permanent supportive housing	2,699,216	-	2,699,216	2,671,915	-	2,671,915
Total program services	6,468,329	-	6,468,329	6,265,266	-	6,265,266
Support services:						
Management and general	501,611	-	501,611	524,147	-	524,147
Fundraising	814,090	-	814,090	839,166	-	839,166
Total support services	1,315,701	-	1,315,701	1,363,313	-	1,363,313
Total expenses	7,784,030	-	7,784,030	7,628,579	-	7,628,579

See notes to financial statements.

Statement of Activities and Changes in Net Assets (Continued)

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
(Decrease) Increase in Net Assets - Before other changes in net assets	$ (434,433)	$ 317,492	$ (116,941)	$ (1,169,938)	$ (692,548)	$ (1,862,486)
Contribution from Michigan Nonprofit Housing Corporation (Note 15)	1,639,183	-	1,639,183	1,434,199	-	1,434,199
Increase (Decrease) in Net Assets - Before change in investment in limited partnership	1,204,750	317,492	1,522,242	264,261	(692,548)	(428,287)
Change in Investment in Limited Partnership	-	-	-	(443,114)	-	(443,114)
Increase (Decrease) in Net Assets	1,204,750	317,492	1,522,242	(178,853)	(692,548)	(871,401)
Net Assets - Beginning of year	21,889,773	1,144,728	23,034,501	22,068,626	1,837,276	23,905,902
Net Assets - End of year	**$ 23,094,523**	**$ 1,462,220**	**$ 24,556,743**	**$ 21,889,773**	**$ 1,144,728**	**$ 23,034,501**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services						Support Services			
	Counseling and Housing Support	Affordable Housing	Emergency Shelter	Transitional Services	Permanent Supportive Housing	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	$ 220,061	$ 30,719	$ 1,375,592	$ 32,935	$ 608,093	$ 2,267,400	$ 294,865	$ 280,557	$ 575,422	$ 2,842,822
Employee benefits	37,266	6,374	280,771	13,030	112,636	450,077	46,965	64,627	111,592	561,669
Payroll taxes	17,930	3,004	113,635	2,714	42,943	180,226	18,623	21,530	40,153	220,379
Total salaries and related expenses	275,257	40,097	1,769,998	48,679	763,672	2,897,703	360,453	366,714	727,167	3,624,870
Donated materials and food	-	-	122,240	-	-	122,240	-	-	-	122,240
Supplies	1,937	694	12,878	-	4,538	20,047	3,423	6,418	9,841	29,888
Food	10	75	92,627	227	193	93,132	401	295	696	93,828
Transportation	217	174	7,202	87	348	8,028	1,088	434	1,522	9,550
Utilities	7	20,217	77,975	-	57,928	156,127	355	14	369	156,496
Contract and professional services	48,552	8,084	223,177	353	78,469	358,635	89,661	38,272	127,933	486,568
Repairs and maintenance	6,556	9,488	182,479	99	10,770	209,392	5,863	2,759	8,622	218,014
Program materials	77,730	3,848	100,164	33,796	60,976	276,514	9,182	1,513	10,695	287,209
Telephone	2,681	3,335	46,965	348	11,448	64,777	4,498	4,492	8,990	73,767
Employee relations and training	3,936	176	10,766	-	6,034	20,912	4,687	8,194	12,881	33,793
Interest and insurance	318	12,506	55,526	127	70,684	139,161	1,593	636	2,229	141,390
Printing, postage, and related expenses	-	-	-	-	-	-	-	231,211	231,211	231,211
Special events	-	-	-	-	-	-	-	36,100	36,100	36,100
Rent	7,646	1,329	49,935	664	1,630,407	1,689,981	8,823	12,384	21,207	1,711,188
Bad debt	-	1,015	-	-	-	1,015	-	100,000	100,000	101,015
Depreciation	1,101	25,129	337,587	441	1,762	366,020	5,508	2,202	7,710	373,730
Miscellaneous	1,798	981	36,189	3,690	1,987	44,645	6,076	2,452	8,528	53,173
Total functional expenses	**$ 427,746**	**$ 127,148**	**$ 3,125,708**	**$ 88,511**	**$ 2,699,216**	**$ 6,468,329**	**$ 501,611**	**$ 814,090**	**$ 1,315,701**	**$ 7,784,030**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services						Support Services			
	Counseling and Housing Support	Affordable Housing	Emergency Shelter	Transitional Services	Permanent Supportive Housing	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	$ 219,113	$ 35,081	$ 1,402,747	$ 1,983	$ 598,135	$ 2,257,059	$ 342,325	$ 321,814	$ 664,139	$ 2,921,198
Employee benefits	27,970	6,627	296,093	806	109,029	440,525	59,015	33,925	92,940	533,465
Payroll taxes	16,301	2,646	106,894	293	43,075	169,209	23,673	22,114	45,787	214,996
Total salaries and related expenses	263,384	44,354	1,805,734	3,082	750,239	2,866,793	425,013	377,853	802,866	3,669,659
Donated materials and food	-	-	203,598	-	-	203,598	-	-	-	203,598
Supplies	3,164	416	45,216	-	3,711	52,507	2,520	1,841	4,361	56,868
Food	7	1,088	112,693	2	12	113,802	1,000	977	1,977	115,779
Transportation	537	120	4,478	60	240	5,435	786	303	1,089	6,524
Utilities	5	19,089	83,211	-	60,738	163,043	14	4	18	163,061
Contract and professional services	33,895	5,830	129,826	-	66,141	235,692	54,340	48,152	102,492	338,184
Repairs and maintenance	1,268	9,921	129,336	319	29,695	170,539	3,987	2,672	6,659	177,198
Program materials	31,648	2,332	37,944	7	89,064	160,995	2,824	244	3,068	164,063
Telephone	1,381	3,277	45,921	392	8,078	59,049	4,528	7,488	12,016	71,065
Employee relations and training	18,465	303	17,872	-	9,300	45,940	9,433	5,875	15,308	61,248
Insurance	262	11,274	46,456	105	61,962	120,059	1,308	524	1,832	121,891
Printing, postage, and related expenses	-	-	-	-	-	-	-	225,839	225,839	225,839
Special events	-	-	-	-	-	-	-	48,821	48,821	48,821
Rent	16,242	1,785	68,527	893	1,572,512	1,659,959	12,370	5,128	17,498	1,677,457
Bad debt	-	-	-	-	18,095	18,095	-	111,000	111,000	129,095
Depreciation	543	27,195	332,654	217	870	361,479	2,716	1,086	3,802	365,281
Miscellaneous	1,133	524	25,106	260	1,258	28,281	3,308	1,359	4,667	32,948
Total functional expenses	**$ 371,934**	**$ 127,508**	**$ 3,088,572**	**$ 5,337**	**$ 2,671,915**	**$ 6,265,266**	**$ 524,147**	**$ 839,166**	**$ 1,363,313**	**$ 7,628,579**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 1,522,242	$ (871,401)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation	373,730	365,281
Bad debt expense	101,015	129,095
Realized and unrealized gains on investments	(274,548)	(11,136)
Contributions restricted for long-term investments	(2,500)	(873)
Forgiveness on Paycheck Protection Program loan	(655,000)	-
Change in investment in limited partnership	-	443,114
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(462,336)	148,731
Contributions and other receivables	(556,587)	586,873
Prepaid expenses and other assets	(40,645)	13,953
Accounts payable	(497,600)	(354,500)
Accrued wages	(39,581)	45,550
Other accrued liabilities	1,459	4,824
Net cash and cash equivalents (used in) provided by operating activities	(530,351)	499,511
Cash Flows from Investing Activities		
Purchase of property and equipment	(643,403)	(44,311)
Purchases of investments	(8,965)	(118,098)
Proceeds from sales and maturities of investments	303,101	11,136
Advances to related parties	(953,532)	(1,312,306)
Net cash and cash equivalents used in investing activities	(1,302,799)	(1,463,579)
Cash Flows from Financing Activities		
Proceeds from debt	-	655,000
Receipts on contributions restricted for long-term investment	200,000	450,000
Net cash and cash equivalents provided by financing activities	200,000	1,105,000
Net (Decrease) Increase in Cash and Cash Equivalents	(1,633,150)	140,932
Cash and Cash Equivalents - Beginning of year	3,755,475	3,614,543
Cash and Cash Equivalents - End of year	**$ 2,122,325**	**$ 3,755,475**
Significant Noncash Transactions - Construction in progress included in accounts payable	$ 59,042	$ -

See notes to financial statements.

Note 1 - Nature of Business

Coalition on Temporary Shelter (COTS or the "Organization") is a not-for-profit corporation whose sources of revenue are derived principally from public contributions, foundation grants, and government grants. Coalition on Temporary Shelter, which was formed on May 19, 1982, provides housing and comprehensive support services for both homeless individuals and homeless families in southeastern Michigan. The Organization has two wholly owned subsidiaries, COTS Development Corporation (COTS DC) and The Peterboro Arms GP, Inc. (PAGP), which are each the primary beneficiary of a limited dividend housing association entity, including COTS Limited Dividend Housing Association Limited Partnership (COTS LDHA) and Peterboro Arms Limited Dividend Housing Association Limited Partnership (Peterboro Arms LDHA), respectively. The Organization is a managing member of MNH Development, LLC (MNH Development), which is the sole member of five managing member entities (collectively, the "LLCs") that comprise a variable interest entity for the Organization. The Organization has control over Michigan Nonprofit Housing Corporation (MNH Corporation).

Effective December 31, 2019, the Organization was assigned the 99.99 percent limited partnership interest in COTS LDHA, representing the limited partner's entire interest. The assignment resulted in the Organization obtaining a controlling interest in COTS LDHA and COTS LDHA no longer being a variable interest entity.

The Organization and its affiliates described above have issued separate consolidated financial statements for the years ended June 30, 2021 and 2020. In addition to the separate consolidated financial statements, the accompanying parent-only financial statements are being issued for third parties that have a need for financial information of the Organization independent of the Organization's unconsolidated affiliates and variable interest entities. Neither COTS DC, PAGP, COTS LDHA, MNH Development, MNH Corporation, nor the variable interest entities are consolidated in the accompanying financial statements. Assets, liabilities, and net assets on a consolidated basis are $149,522,482 and $152,391,448 more, $109,600,101 and $109,198,326 more, and $39,922,381 and $43,193,122 more as of June 30, 2021 and 2020, respectively, than shown on these parent-only financial statements. Additional information regarding the unconsolidated affiliates and the variable interest entities is disclosed in Note 16.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include all material accounts receivable and payable, all other significant liabilities, and any substantial amounts received or committed for support of the Organization for future years.

Note 2 - Significant Accounting Policies

Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 except for any accounts in money market funds or mutual funds. The Organization believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Organization evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 2 - Significant Accounting Policies (Continued)

Trade and Grant Receivables

The Organization's accounts receivable balance at June 30, 2021 and 2020 is composed of rent from tenants in various housing programs and receivables from federal and state grant agencies for expenditures made in conjunction with grant agreements. A provision for uncollectible accounts has been made for all rent amounts deemed uncollectible by management. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The Organization has not recorded a provision for doubtful accounts for grant receivables since it is the opinion of management that those receivables are collectible in full.

Contributions Receivable

The Organization's contributions receivable are composed primarily of private donors, foundation and private grants, and allocations committed from various funding agencies for use in the Organization's activities. At June 30, 2021 and 2020, the Organization has recorded a provision for doubtful accounts of $0 and $100,000, respectively.

Investments

Investments are presented in the financial statements at fair value. Both realized and unrealized gains and losses are reported in the statement of activities and changes in net assets.

Investment Risks and Uncertainties

The Organization invests in various investment securities, including fixed-income securities and equity securities. Investment securities 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 the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Notes Receivable

Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific notes. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made.

At June 30, 2021, notes receivable represent various related party notes, as disclosed in Note 15. The Organization considers a financing loan receivable to be impaired when, based upon current information and events, it believes it is probable that the Organization will be unable to collect all amounts due according to the contractual terms of the loan agreement. The Organization does not have any loans considered to be impaired or uncollectible as of June 30, 2021 and 2020. At June 30, 2021 and 2020, the interest receivable is included in the related party receivable balance on the balance sheet. The Organization has not recorded a provision for doubtful accounts since it is the opinion of management that the receivable is collectible in full.

Property and Equipment

Property and equipment are recorded at cost when purchased or, if donated, at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. The Organization capitalizes assets whose individual cost exceeds $1,000 and whose useful life is greater than one year. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Deferred Gain

During the year ended June 30, 2019, the Organization sold land and a building to Peterboro Arms LDHA, an entity under common control. Accounting guidance indicates that a gain or loss is not recognized when a transaction takes place between entities under common control. The deferred gain of $1,659,357 shall be recognized upon the sale of the land and building to an entity that is not under common control.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the contributions are received are reported as contributions with donor restrictions in the accompanying financial statements.

Grant Revenue

The Organization receives grant revenue through contracts with certain governmental agencies. Revenue under these contracts is recognized when conditions are met, such as incurring eligible expenses. Deferred revenue is recorded when advance payments are received.

At June 30, 2021 and 2020, the Organization had remaining award balances on governmental conditional grants of $1,525,075 and $1,302,074, respectively. These award balances are not recognized as assets and will be recognized as revenue as the contracts progress and conditions are substantially met, generally as expenses are incurred.

Rental Income

The Organization leases space to tenants under short- and intermediate-term tenancies. Rental income is recognized in the period in which it is earned.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Note 2 - Significant Accounting Policies (Continued)

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board. Board-designated net assets represent the establishment of an endowment fund and amounts set aside for the provision of supportive services for the Peterboro Arms LIHTC project for a 15-year period. At June 30, 2021 and 2020, the board-designated net assets for the endowment totaled $835,017 and $656,330, respectively. At June 30, 2021 and 2020, the board has designated $889,333 and $920,000, respectively, for the provision of supportive services to the LIHTC project. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Costs have been allocated between the various program and support services based on estimates determined by management. Indirect and administrative expenses utilized by all employees, such as professional services, depreciation, insurance, utilities, repairs and maintenance, and supplies, are allocated on the basis of time and effort. All other expenses are directly tracked and reported by program area where the expense was incurred. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Federal Income Taxes

COTS is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Principle

Effective July 1, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management has assessed the various revenue streams of the Organization and determined that major revenue streams are not significantly impacted by the standard.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of activities and changes in net assets and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined. Upon adoption, the Organization will recognize a lease liability and corresponding right-of-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

ASU No. 2016-02 did not significantly change the accounting requirements for lessors, and, accordingly, application of the new lease standard is not expected to have a significant effect on the Organization’s financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*. The standard provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The standard applies only to contracts, hedging relationships, and other transactions that reference LIBOR or other reference rates expected to be discontinued because of reference rate reform. The standard is effective for March 12, 2020 through December 31, 2022.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the Organization’s year ending June 30, 2022 and will be applied using the retrospective method.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 1, 2021, which is the date the financial statements were available to be issued.

Note 3 - Trade and Grants Receivable

Trade and grants receivable as of June 30 consist of the following:

	2021	2020
Federal grants	$ 789,074	$ 555,417
Rent and other	45,334	(686)
Gross accounts receivable	834,408	554,731
Allowance for doubtful accounts	(16,182)	(9,534)
Net accounts receivable	$ 818,226	$ 545,197

Note 4 - Contributions Receivable

Contributions receivable comprise several unconditional promises to give. They are included as follows:

	2021	2020
Gross promises to give	$ 809,087	$ 550,000
Less allowance for uncollectible contributions	-	(100,000)
Net contributions receivable	$ 809,087	$ 450,000
Amounts due in - Less than one year	$ 809,087	$ 450,000

Note 5 - In-kind Donations

Donated items received by the Organization and used in its programs have been reflected in the financial statements at their estimated fair values. Donated personal items that could not be used by the Organization were subsequently donated to other charitable organizations. In-kind donations recognized by the Organization for the years ended June 30 are as follows:

	2021	2020
Food	$ 18,713	$ 33,876
Materials	103,527	179,020
Total in-kind donations	$ 122,240	$ 212,896

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2021	2020	Depreciable Life - Years
Land, buildings, and improvements	$ 9,259,616	$ 8,129,176	5-30
Machinery and equipment	63,818	63,818	3-7
Vehicles	134,207	134,207	5
Furniture and fixtures	921,770	902,692	3-10
Computer equipment	672,512	603,641	3-5
Construction in progress (projects construction and renovations)	-	574,986	-
Total cost	11,051,923	10,408,520	
Less accumulated depreciation	4,171,904	3,798,174	
Net property and equipment	$ 6,880,019	$ 6,610,346	

Note 6 - Property and Equipment (Continued)

Depreciation expense for 2021 and 2020 was $373,730 and $365,281, respectively.

Note 7 - Notes Payable

Long-term debt at June 30 is as follows:

	2021	2020
Affordable Housing Program Obligation - In December 2001, COTS received a loan from a bank under the Affordable Housing Program to assist in financing the purchase of an apartment complex and the construction project to convert it into permanent supportive housing. As of June 30, 2021 and 2020, the obligation totals $350,000, bears no interest, and is not required to be repaid as long as the housing continues to be used as affordable housing, as outlined in the Organization's application of program funds, for a period of 15 years from the date of completion of the renovations of the apartments. This period ended on May 2, 2020, and the Organization is working with the bank to obtain loan forgiveness. However, based on the restrictions of the loan, the amount has been recorded as a current obligation of the Organization	$ 350,000	$ 350,000
During the year ended June 30, 2020, COTS received a Paycheck Protection Program (PPP) loan in the amount of $655,000. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). The loan was forgiven during 2021 and is presented as grant revenue on the statement of activities and changes in net assets	-	655,000
Total notes payable	350,000	1,005,000
Less current portion	350,000	350,000
Long-term portion	$ -	$ 655,000

Note 8 - Line of Credit

The Organization has established an unsecured line of credit in the amount of $500,000, which matures on May 28, 2022. At June 30, 2021 and 2020, the interest rate on the line of credit was 3.25 percent. There were no amounts outstanding on the line of credit as of June 30, 2021 and 2020.

Note 9 - Commitments

Under the Organization's housing programs, the Organization guaranteed the lease payments of approximately 180 and 170 tenants in these programs during 2021 and 2020, respectively. Lease payments range from $375 to $1,233 per month. Total lease payments are $1,630,407 and $1,622,951 for 2021 and 2020, respectively. Lease terms are generally less than one year, with most being on a month-to-month basis.

Note 10 - Operating Leases

The Organization was obligated under certain operating leases, primarily for office space, expiring at various dates through July 2020. The leases allowed the Organization to continue the leases on a month-to-month basis after the expiration, which was exercised through March 2021. Total rent expense under these leases was $58,437 and $85,366 during 2021 and 2020, respectively.

Note 11 - Retirement Plans

The Organization has a defined contribution thrift plan for all eligible employees. The thrift plan expenses for the years ended June 30, 2021 and 2020 were approximately $112,000 and $96,000, respectively.

Note 12 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 835,017	$ -	$ 835,017
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	324,042	324,042
Accumulated investment gains	-	114,348	114,348
Total funds	$ 835,017	$ 438,390	$ 1,273,407

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 656,330	$ 364,709	$ 1,021,039
Investment return - Net	179,997	112,616	292,613
Contributions	1,000	1,500	2,500
Appropriation of endowment assets for expenditure	(2,310)	(40,435)	(42,745)
Endowment net assets - End of year	$ 835,017	$ 438,390	$ 1,273,407

	Endowment Net Asset Composition by Type of Fund as of June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 656,330	$ -	$ 656,330
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	324,042	324,042
Accumulated investment gains	-	40,667	40,667
Total funds	$ 656,330	$ 364,709	$ 1,021,039

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 631,363	$ 349,277	$ 980,640
Investment return - Net	22,677	14,559	37,236
Contributions	4,000	873	4,873
Appropriation of endowment assets for expenditure	(1,710)	-	(1,710)
Endowment net assets - End of year	$ 656,330	$ 364,709	$ 1,021,039

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of June 30, 2021 and 2020, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 5 percent, net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark, as defined in its investment policy statement. Actual returns in any given year may vary from this amount.

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The following alternatives are not to be included in the portfolio: real estate (except in common stocks or convertible securities issued by companies that invest in real estate or interests therein or real estate investment trusts), venture capital, illiquid partnerships, tangible assets, options, futures, short selling, margin, and securities lending.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy that includes the option of appropriating for distribution each year 5 percent of the value of the endowment fund using a 20-quarter rolling average with the last quarter ending on the last day of the first quarter of the calendar year, which will be considered income and may be used for the upcoming fiscal year to fund operating expenses or programs. On an annual basis, the board of directors will determine with a majority vote whether to distribute all or a portion of the income to the General Fund of the Organization.

Note 13 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 13 - Fair Value Measurements (Continued)

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2021
Endowment investments:			
Corporate bonds - Fixed income	$ 318,311	$ -	$ 318,311
Equities - Common stock	943,307	-	943,307
Total endowment investments	1,261,618	-	1,261,618
Investments - Certificates of deposit	-	4,774,293	4,774,293
Total assets	$ 1,261,618	$ 4,774,293	$ 6,035,911

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2020
Endowment investments:			
Corporate bonds - Fixed income	$ 310,720	$ -	$ 310,720
Equities - Common stock	686,472	-	686,472
Total endowment investments	997,192	-	997,192
Investments - Certificates of deposit	-	1,263,850	1,263,850
Total assets	$ 997,192	$ 1,263,850	$ 2,261,042

Excluded from the tables above at June 30, 2021 and 2020 are endowments balances totaling $11,789 and $23,847 and investment balances of $0 and $255,162, respectively, which consist of certificates of deposit with two banks that are recognized on the balance sheet at carrying value. Additionally, excluded from the table are cash and cash equivalents including a money market account and deposits totaling $1,098,078 and $4,625,315 at June 30, 2021 and 2020, respectively, which are included in the investments balance on the balance sheet.

Note 14 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30:

	2021	2020
Subject to expenditures for a specified purpose:		
Accumulated earnings and gains on endowment	$ 114,348	$ 40,667
Capital projects	-	200,000
Passport to self-sufficiency	461,162	278,206
Youth activities	365,307	10,000
Other	197,361	80,813
Total subject to expenditures for a specified purpose	1,138,178	609,686
Subject to the passage of time	-	211,000
Endowments with purpose restrictions	324,042	324,042
Total net assets with donor restrictions	$ 1,462,220	$ 1,144,728

Net assets released from net assets with donor restrictions are as follows:

	2021	2020
Purpose restrictions accomplished:		
Accumulated earnings and gains on endowment	$ 40,435	$ -
Capital projects	200,000	200,000
Passport to self-sufficiency	557,031	334,039
Youth activities	53,960	-
Other	237,068	111,415
Total purpose restrictions accomplished	1,088,494	645,454
Time restrictions expired	211,000	550,000
Total	$ 1,299,494	$ 1,195,454

Note 15 - Related Party Transactions

COTS LDHA

The Organization purchased an apartment complex in July 2000, which was converted into permanent supportive housing. The property was sold to COTS LDHA, of which COTS DC is the general partner, in exchange for a non-interest-bearing note receivable in the amount of $600,000.

At June 30, 2021 and 2020, the Organization has outstanding loans receivable from COTS LDHA related to the renovation of the housing project in the amount of approximately $1,750,000, which includes the note receivable mentioned above. The loan receivables amount matures during 2025 and is non-interest bearing. Loans receivable are reported at the original issue amount less principal repaid. The Organization considers a financing loan receivable to be impaired when, based upon current information and events, it believes it is probable that the Organization will be unable to collect all amounts due according to the contractual terms of the loan agreement. The Organization does not have any loans considered to be impaired or uncollectible as of June 30, 2021 and 2020; thus, no provision for doubtful accounts has been recorded.

COTS LDHA leases space to the Organization for permanent supportive housing. Lease expenses totaled $132,963 and $50,439 in 2021 and 2020, respectively.

Note 15 - Related Party Transactions (Continued)

MNH Corporation

Under the articles of incorporation of MNH Corporation, COTS annually receives a percentage of the MNH Corporation surplus cash. During 2021 and 2020, MNH Corporation contributions of excess cash to the Organization totaled approximately $1,600,000 and $1,400,000, respectively.

Peterboro Arms LDHA

During 2019, the Organization sold an apartment complex to Peterboro Arms LDHA, of which PAGP is the general partner, for the development of affordable housing. The sale was accomplished through the issuance of a promissory note in the amount of $1,805,000, maturing during 2053, with interest accrued annually at 3.02 percent. The Organization also entered into an additional promissory note with Peterboro Arms LDHA for $1,699,361, maturing during 2048, with interest accruing annually at 3.00 percent. Loans receivable are reported at the original issue amount less principal repaid. As of June 30, 2021 and 2020, interest on the notes due to the Organization was $298,190 and $191,115, respectively.

The Organization paid construction-related costs on behalf Peterboro Arms LDHA, which are due on demand and bear no interest. At June 30, 2021 and 2020, $2,038,679 and $1,192,222, respectively, was due from Peterboro Arms LDHA.

The Organization entered into a development fee agreement with Peterboro Arms LDHA where the Organization will perform certain services related to the development of the affordable housing project mentioned above. Developer fee revenue recognized in prior periods totaled $1,500,000. Developer fee revenue receivable as of June 30, 2021 and 2020 totaled $1,296,266 and will be paid from future cash flows of the project in accordance with the limited partnership agreement.

Effective April 1, 2021, COTS entered into a lease with Peterboro Arms LDHA. The lease expires on March 31, 2036. The lease requires COTS to pay its portion of utilities and janitorial costs. In 2021, COTS paid $1,124,400 to renovate the leased space into useable offices in lieu of annual rent payments. COTS capitalized these costs as part of building improvements.

Neither limited partnership mentioned above paid the Organization management or incentive fees during 2021 or 2020.

Total related party receivables as of June 30, 2021 and 2020 were as follows:

	2021	2020
Construction costs due from Peterboro Arms LDHA	$ 2,038,679	$ 1,192,222
Developer fee due from Peterboro Arms LDHA	1,296,266	1,296,266
Loan receivable due from COTS LDHA LP	1,749,681	1,749,681
Notes receivable due from Peterboro Arms LDHA	3,504,361	3,504,361
Related party interest receivable	298,190	191,115
Total related party receivable	$ 8,887,177	$ 7,933,645

Note 16 - Unconsolidated Affiliates and Variable Interest Entities

COTS DC is a for-profit entity, a wholly owned subsidiary of the Organization, organized to oversee the development of an affordable housing project (see Notes 7 and 15). Construction of the project was completed, and the project commenced operations during 2005. COTS DC is guarantor of the apartment project obligations through its ownership interests in the limited partnership. COTS DC may also be obligated to repay creditors of the limited partnership under normal partnership requirements. COTS DC is the primary beneficiary of the affiliated entity, COTS LDHA, through a 0.01 percent ownership interest. COTS LDHA obtained a $1,500,000 unconditional loan from the City of Detroit HOME Investor Rehabilitation/New Construction Loan Program, which is guaranteed by the Organization. Effective December 31, 2019, COTS was assigned the 99.99 percent limited partnership interest, representing the limited partner's entire interest. The assignment resulted in the Organization obtaining a controlling interest in COTS LDHA and COTS LDHA no longer being a variable interest entity. During the years ended June 30, 2021 and 2020, COTS DC had no activities other than those disclosed in Note 15.

PAGP is a for-profit entity and wholly owned subsidiary of the Organization, organized to oversee the development of an affordable housing apartment project, the construction of which began in 2018. PAGP is guarantor of the apartment project obligations through its ownership interest in Peterboro Arms Limited Dividend Housing Association Limited Partnership. PAGP may also be obligated to repay creditors of the limited partnership under normal partnership requirements.

Peterboro Arms LDHA was formed as a limited partnership in March 2016 to exclusively provide housing facilities for persons of low and moderate income and particularly those classified as homeless or with special needs. To this end, the partnership acquired and began operating a 56-unit affordable housing complex in Detroit, Michigan during the year ended June 30, 2021. Peterboro Arms LDHA is a VIE for which PAGP is the primary beneficiary.

In February 2015, the Organization became a managing member of MNH Development; there are three members. The Organization has a 40 percent sharing ratio in MNH Development and appoints five of the seven board of manager members. MNH Development is a limited liability company organized to be the sole member of the managing member entities for various limited liability companies and oversee the rehabilitation of certain affordable housing projects. Construction of the projects commenced during 2016. The managing member entities of each of the affordable housing projects have certain financial obligations under the operating agreements, including obligations to fund certain operating deficits should they occur and repay the investor contribution in the case of recaptured low-income housing tax credit. The managing member entities' financial obligations are irrevocably and unconditionally guaranteed by Michigan Nonprofit Housing Corporation. While the managing members still have an obligation under the operating agreements, if they are unable to fulfill their obligation, recourse is sought from the guarantee. Each of the managing member entities is the 0.01 percent managing member, and an investor member has the remaining 99.99 percent ownership interest in each of the affordable housing projects.

MNH Corporation is a not-for-profit corporation that was incorporated on July 23, 1991 for the purpose of ownership, management, and/or development of housing facilities under provisions of Section 8 of the United States Housing Act of 1937 for persons of low and moderate income. The Organization appoints all directors of MNH Corporation. During 2017, the Organization obtained control over MNH Corporation. Upon transfer of control, the Organization recorded the activity of MNH Corporation in accordance with acquisition accounting.

Note 16 - Unconsolidated Affiliates and Variable Interest Entities (Continued)

The following is summarized financial information of the affiliated entities as of and for the years ended June 30:

	2021	2020
Current assets	$ 25,916,341	$ 27,660,261
Long-term assets	123,606,141	124,731,187
Total assets	$ 149,522,482	$ 152,391,448
Current liabilities	$ 4,094,794	$ 6,371,122
Long-term liabilities	105,505,307	102,827,204
Total liabilities	$ 109,600,101	$ 109,198,326
Partner equity/Net assets	$ 39,922,381	$ 43,193,122
Revenue	$ 19,072,609	$ 17,454,523
Operating expenses	(19,015,643)	(18,769,175)
Syndication costs	(52,000)	-
Capital contributions	(1,639,183)	(48,431)
Distributions	(1,636,524)	(1,041,410)
Change in net assets	$ (3,270,741)	$ (2,404,493)

Note 17 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets available for general expenditures within one year of June 30, reduced by amounts that are not available due to donor restrictions or internal board of directors' designations. General expenditures are those expenditures that are budgeted to be incurred against operating revenue in the coming year as a part of operating expenses (which may include expenditures of amounts released from restrictions). Also included in general expenditures are expenditures budgeted as expected outlays for capital purchases over the fiscal year. Expenditures of board-designated resources can be considered general expenditures if expected within the next 12 months.

Note 17 - Liquidity and Availability of Resources (Continued)

	2021	2020
Cash and cash equivalents	$ 2,122,325	$ 3,755,475
Accounts receivable	818,226	545,197
Contributions receivable	809,087	450,000
Investments	5,872,371	6,144,327
Endowment	1,273,407	1,021,039
Related party receivables	8,887,177	7,933,645
Total financial assets	19,782,593	19,849,683
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	166,022	200,000
Subject to appropriation and satisfaction of donor restrictions	324,042	474,042
Amounts set aside for liquidity reserve	5,872,371	5,889,165
Other assets - Related party receivable	8,887,177	7,933,645
Board designations:		
Quasi-endowment fund, primarily for long-term investing	835,017	656,330
Other	889,333	920,000
Financial assets available to meet cash needs for general expenditures within one year	$ 2,808,631	$ 3,776,501

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization is substantially supported by conditional contributions from grant revenue. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. The amounts set aside for liquidity reserve noted in the table above are funds established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

The Organization also realizes there could be unanticipated liquidity needs and, in the case of such a need, could also draw upon $500,000 of the available line of credit (as discussed in Note 8) or its quasi-endowment fund.