

# North Walke Housing Corporation

**Financial Statements and Supplementary Information**

**Years ended June 30, 2018 and 2017**

DRAFT

**NORTH WALKE HOUSING CORPORATION**

**Table of Contents**

**Years ended June 30, 2018 and 2017**

	<b><u>Page</u></b>
Independent Auditor's Report	
Statements of Financial Position	1
Statements of Activities	2
Statements of Cash Flows	3
Notes to Financial Statements	4 – 6

DRAFT



**Michael Solakian, CPA**

P.O. Box 716

North Branford, CT 06471 USA

EMAIL: [solakian@solakiancpa.com](mailto:solakian@solakiancpa.com)

## **Independent Auditor's Report**

To the Board of Commissioners  
North Walke Housing Corporation

We have audited the accompanying financial statements of ***North Walke Housing Corporation*** (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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 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 audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***North Walke Housing Corporation*** as of June 30, 2018 and 2017, 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.

*Solakian & Company, LLC*

October 31, 2018

# NORTH WALKE HOUSING CORPORATION

## Statements of Financial Position

June 30, 2018 and 2017

<i>Assets</i>	<u>2018</u>	<u>2017</u>
Cash	\$ 723,362	411,633
Investments	346,959	346,113
Accounts and loans receivable	<u>125,274</u>	<u>138,429</u>
<b>Total assets</b>	<b>\$ <u>1,195,595</u></b>	<b><u>896,175</u></b>
 <i>Liabilities and Net Assets</i>		
Accounts payable	\$ 145	145
Other liabilities	774,445	483,834
Loans payable	50,722	50,722
Deferred revenue	<u>3,491</u>	<u>3,491</u>
<b>Total liabilities</b>	<b>828,803</b>	<b>538,192</b>
Net assets without restrictions	<u>366,792</u>	<u>357,983</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>1,195,595</u></b>	<b><u>896,175</u></b>

See accompanying notes to financial statements.

# NORTH WALKE HOUSING CORPORATION

## Statements of Activities

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Grants	\$ 28,758	27,276
Other income	13,050	8,475
Interest income	4,587	4,760
	<u>46,395</u>	<u>40,511</u>
<b>Total revenues</b>		
	<u>46,395</u>	<u>40,511</u>
<b>Expenses:</b>		
Program:		
Project expenses	22,967	27,392
Management and general:		
Professional fees	7,913	6,500
Office and miscellaneous expenses	6,706	1,606
	<u>37,586</u>	<u>35,498</u>
<b>Total expenses</b>		
	<u>37,586</u>	<u>35,498</u>
<b>Change in net assets</b>	8,809	5,013
<b>Net assets - beginning of year</b>	<u>357,983</u>	<u>352,970</u>
<b>Net assets - end of year</b>	<u>\$ 366,792</u>	<u>357,983</u>

See accompanying notes to financial statements.

**NORTH WALKE HOUSING CORPORATION**

**Statements of Cash Flows**

**Years ended June 30, 2018 and 2017**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 8,809	5,013
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Decrease (increase) in:		
Accounts and loans receivable	13,155	(4,450)
Increase (decrease) in:		
Accounts payable	-	(23,998)
Other liabilities	290,611	345,169
Deferred revenue	-	(27,276)
	<u>312,575</u>	<u>294,458</u>
<b>Net cash provided by operating activities</b>	<u>312,575</u>	<u>294,458</u>
<b>Cash flows from investing activities:</b>		
Redemption (purchase) of investments	<u>(846)</u>	<u>(5,652)</u>
<b>Net cash used in investing activities</b>	<u>(846)</u>	<u>(5,652)</u>
<b>Net increase in cash</b>	311,729	288,806
<b>Cash - beginning of year</b>	<u>411,633</u>	<u>122,827</u>
<b>Cash - end of year</b>	<u><u>\$ 723,362</u></u>	<u><u>411,633</u></u>

See accompanying notes to financial statements.

# NORTH WALKE HOUSING CORPORATION

## Notes to Financial Statements

June 30, 2018 and 2017

(1) **Reporting Entity**

The North Walke Housing Corporation (NWHC or Corporation) is a non-stock, nonprofit corporation established in 1987 to act as a community development housing corporation to provide housing opportunities for low and moderate income individuals and families in Norwalk, Connecticut.

(2) **Summary of Significant Accounting Policies**

*Financial Statement Presentation*

NWHC follows accounting for not-for-profit organizations as outlined in professional standards. Accordingly, it is required to report information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

*Grants and Contracts*

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities.

Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance based grants and contracts are based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved.

*Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

# NORTH WALKE HOUSING CORPORATION

## Notes to Financial Statements

### (2) Summary of Significant Accounting Policies (continued)

#### *Subsequent Events*

Subsequent events have been evaluated through October 31, 2018, which is the date the financial statements were available to be issued.

#### *Cash and Investments*

The carrying amount of cash and money market investments at June 30, 2018 and 2017 was approximately \$1,070,000 and \$758,000, respectively, as shown in the accompanying statement of financial position. The bank balances of these funds totaled approximately \$1,070,000 and \$758,000 as of June 30, 2018 and 2017, respectively, of which \$250,000 was covered through the Federal Deposit Insurance Corporation.

#### *Income Tax Status*

NWHC is exempt from federal income taxes pursuant to provisions of Section 501(c) (3) of the Internal Revenue Code and has been classified as “other than a private foundation.”

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by NWHC and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions, and has concluded that as of June 30, 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

NWHC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2015.

### (3) Related Party Transactions

Norwalk Redevelopment Corporation (NRA) owed NWHC approximately \$3,900 as of June 30, 2018, which is included in accounts and loans receivable.

Certain management and commissioners of the NRA function in the same capacity at the NWHC.

### (4) Grant Revenue

Grant revenue in 2018 includes approximately \$28,800 and \$27,300 received from various state agencies, foundations and other non-profits in 2018 and 2017, respectively.

(Continued)

# NORTH WALKE HOUSING CORPORATION

## Notes to Financial Statements

### (5) **Loan Payable**

During the year ended June 30, 2006, the Corporation obtained approximately \$51,000 of loan proceeds payable to Federal Home Loan Bank. The outstanding balance was approximately \$51,000 as of June 30, 2018 and 2017.

### (6) **Implementation of New Accounting Pronouncement**

The Financial Accounting Standards Board issued Accounting Standards Codification 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), effective for periods beginning after December 15, 2017. Several changes to nonprofit financial reporting include:

- Improvements to the presentation and disclosures for net assets classes from the previous three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two classes (without donor restrictions and with donor restrictions).
- Allowing free choice between the direct and indirect methods in presenting cash flows.
- Providing better information about functional expenses and disclosures about how expenses are allocated to management and general.
- Augmenting disclosures on underwater endowment funds.
- Unifying the reporting of investment returns.
- Enhancements to information provided about the liquidity and availability of financial resources.

The new standard aims to improve reporting the liquidity and availability of resources. Qualitative information will be required to be disclosed on how the Corporation manages its liquid available resources and its liquidity risk to meet cash needs for general expenditures within one year of the year-end date.

Early application of the above changes is permitted and the Corporation has decided to implement them for the year ended June 30, 2018.

### (7) **Liquidity and Availability of Resources**

The Corporation has approximately \$1,195,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and equivalents of \$1,070,000 and accounts and loans receivable of \$125,000. None of the 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 Corporation has a goal to maintain financial assets, which consist of cash and equivalents and pledges and other receivables, on hand to meet one year of annual operating expenses, which are, on average, approximately \$40,000. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Corporation invests cash in excess of daily requirements in various short-term investments.