

North Walke Housing Corporation

Financial Statements and Supplementary Information

Year ended June 30, 2015

NORTH WALKE HOUSING CORPORATION

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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, 2015, and the related statements of activities and cash flows for the year 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, 2015, 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, 2015

NORTH WALKE HOUSING CORPORATION

Statement of Financial Position

June 30, 2015

Assets

Cash	\$	414,558
Investments		339,624
Accounts and loans receivable		<u>358,686</u>
Total assets	\$	<u><u>1,112,868</u></u>

Liabilities and Net Assets

Accounts payable	\$	145
Other liabilities		397,206
Loans payable		50,722
Deferred revenue		<u>320,005</u>
Total liabilities		768,078
Unrestricted net assets		<u>344,790</u>
Total liabilities and net assets	\$	<u><u>1,112,868</u></u>

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statement of Activities

Year ended June 30, 2015

Revenues:

Grants	\$ 473,813
Interest income	5,457
Other income	<u>3,000</u>

Total revenues 482,270

Expenses:

Project expenses	446,054
Professional fees	34,470
Office and miscellaneous expenses	<u>2,867</u>

Total expenses 483,391

Change in net assets (1,121)

Net assets - beginning of year 345,911

Net assets - end of year \$ 344,790

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statement of Cash Flows

Year ended June 30, 2015

Cash flows from operating activities:	
Change in net assets	\$ (1,121)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Decrease (increase) in:	
Accounts and loans receivable	(113,692)
Other assets	1,400
Increase (decrease) in:	
Accounts payable	(1,044)
Other liabilities	223,541
Deferred revenue	<u>(80,362)</u>
Net cash used in operating activities	<u>28,722</u>
Cash flows from investing activities:	
Redemption (purchase) of investments	<u>(834)</u>
Net cash provided by investing activities	<u>(834)</u>
Net increase in cash	27,888
Cash - beginning of year	<u>386,670</u>
Cash - end of year	<u>\$ 414,558</u>

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Notes to Financial Statements

June 30, 2015

(1) **Reporting Entity**

The North Walke Housing Corporation (NWHC) 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**

Basis of Presentation

NWHC follows accounting for not-for-profit organizations as outlined in professional standards. The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no restricted assets as of June 30, 2015. In addition, the Organization is required to present a statement of cash flows.

The Corporation records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. During 2015 all contributions received by the Organization were either unrestricted or had restrictions satisfied and have been recorded as such in the statement of activities.

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.

Subsequent Events

Subsequent events have been evaluated through October 31, 2015, 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, 2015 was approximately \$415,000 and \$340,000, respectively, as shown in the accompanying statement of financial position. The bank balances of these funds totaled approximately \$755,000, of which \$250,000 was covered through the Federal Deposit Insurance Corporation.

(Continued)

NORTH WALKE HOUSING CORPORATION

Notes to Financial Statements

(2) Summary of Significant Accounting Policies (continued)

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, 2015, 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 2012.

(3) Related Party Transactions

NWHC owed Norwalk Redevelopment Agency approximately \$223,500 as of June 30, 2015, which is included in other liabilities.

Certain management and commissioners of the Norwalk Redevelopment Agency function in the same capacity at the NWHC.

(4) Program Revenue

This amount represents approximately \$294,100 from a contract with the CT Housing Finance Authority for the SoNo Pilot Program and approximately \$179,800 received from foundations and other non-profits for Hurricane Sandy relief grants to eligible individuals.

(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, 2015.

(6) Functional Expenses

The functional classification of expenses for 2015 is as follows:

Program	\$ 446,054
General and administrative	<u>37,337</u>
	<u>\$ 483,391</u>