

Community Alliance
Audited Financial Statements
September 30, 2014 and 2013

Community Alliance

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Audited Financial Statements: | |
| Independent Auditors' Report | 1 - 2 |
| Statements of Financial Position | 3 - 4 |
| Statements of Activities | 5 - 6 |
| Statements of Functional Expenses for Program and Support Services | 7 - 8 |
| Statements of Cash Flows | 9 |
| Notes to the Financial Statements | 10 - 20 |
| Supplemental Information | |
| Schedules of Functional Expenses for Program and Support Services Community Residence Corporation | 21 |
| Schedules of Functional Expenses for Program and Support Services Community Living Network | 22 |
| Schedules of Functional Expenses for Program and Support Services Community Housing Alternatives Corporation | 23 |
| Schedules of Functional Expenses for Program and Support Services Glendale Nonprofit Housing Corporation | 24 |

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Independent Auditors' Report

To The Board of Directors
Community Alliance

We have audited the accompanying financial statements of Community Alliance (a nonprofit organization made up of four nonprofit corporations including: Community Residence Corporation, Community Living Network, Inc., Community Housing Alternatives Nonprofit Housing Corporation, and Glendale Nonprofit Housing Corporation), which comprise the combined statements of financial position as of September 30, 2014 and 2013, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Alliance, as of September 30, 2014 and 2013, 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.

Emphasis-of-Matter Regarding Discontinued Operations

As discussed in Note 18 to the financial statements, Community Alliance will discontinue operations of Community Housing Alternatives Nonprofit Housing Corporation and Glendale Nonprofit Housing Corporation. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses by agency on pages 21 through 24 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


CURTIS, BAILEY, EXELBY & SPOSITO, P.C.
Ann Arbor, MI

February 16, 2015

Community Alliance
Statements of Financial Position
September 30, 2014

| | Community Residence Corporation | Community Living Network | Community Housing Alternatives Corporation | Glendale Nonprofit Housing Corporation | Consolidating Entries | 2014 Consolidated Total |
|---|---------------------------------------|--------------------------------|---|---|--------------------------|-------------------------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | | | | | | |
| General | \$ 51,348 | \$ 169,188 | \$ 13,576 | \$ 17,392 | \$ - | \$ 251,504 |
| Savings | - | - | 4,407 | 2,399 | - | 6,806 |
| Restricted cash (Note 14) | - | - | 73,109 | - | - | 73,109 |
| Total cash and cash equivalents | 51,348 | 169,188 | 91,092 | 19,791 | - | 331,419 |
| Accounts receivable | 253,295 | 875,101 | 10,159 | 1,618 | - | 1,140,173 |
| Open grants receivable | - | - | - | - | - | - |
| Due from related organization | 247,987 | - | 266 | 10,484 | (258,737) | - |
| Prepaid expenses | 1,617 | 99,353 | 2,026 | - | - | 102,996 |
| Escrow | - | - | - | 5,080 | - | 5,080 |
| Security deposits | 1,850 | - | - | - | - | 1,850 |
| Total current assets | 556,097 | 1,143,642 | 103,543 | 36,973 | (258,737) | 1,581,518 |
| Property and equipment, net (Note 5) | 99,174 | 343,051 | 457,131 | 324,962 | - | 1,224,318 |
| Total assets | <u>\$ 655,271</u> | <u>\$ 1,486,693</u> | <u>\$ 560,674</u> | <u>\$ 361,935</u> | <u>\$ (258,737)</u> | <u>\$ 2,805,836</u> |
| Liabilities and net assets | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ 12,530 | \$ 3,645 | \$ 204 | \$ 451 | \$ - | \$ 16,830 |
| Accrued payroll | 156,784 | 246,450 | - | - | - | 403,234 |
| Accrued interest | - | 798 | 477 | - | - | 1,275 |
| Security deposits | - | - | 5,442 | 2,127 | - | 7,569 |
| Due to related organization | - | 179,056 | 70,681 | 9,000 | (258,737) | - |
| Deferred revenue | 122,038 | 548,931 | 1,000 | - | - | 671,969 |
| Line of credit (Note 8) | 200,000 | - | 13,835 | - | - | 213,835 |
| Current portion of long-term debt | 23,250 | 21,685 | 2,509 | - | - | 47,444 |
| Total current liabilities | 514,602 | 1,000,565 | 94,148 | 11,578 | (258,737) | 1,362,156 |
| Long-term liabilities | | | | | | |
| Long-term debt (Note 9) | 52,063 | 153,711 | 91,208 | - | - | 296,982 |
| Refundable advances (Note 6) | - | - | 422,740 | 468,008 | - | 890,748 |
| Total long-term liabilities | 52,063 | 153,711 | 513,948 | 468,008 | - | 1,187,730 |
| Total liabilities | 566,665 | 1,154,276 | 608,096 | 479,586 | (258,737) | 2,549,886 |
| Net assets | | | | | | |
| Unrestricted net assets (deficiency) | 88,606 | 332,417 | (120,531) | (117,651) | - | 182,841 |
| Temporarily restricted net assets (Note 14) | - | - | 73,109 | - | - | 73,109 |
| Total net assets | 88,606 | 332,417 | (47,422) | (117,651) | - | 255,950 |
| Total liabilities and net assets | <u>\$ 655,271</u> | <u>\$ 1,486,693</u> | <u>\$ 560,674</u> | <u>\$ 361,935</u> | <u>\$ (258,737)</u> | <u>\$ 2,805,836</u> |

See accompanying notes.

Community Alliance
Statements of Financial Position
September 30, 2013

| | Community Residence Corporation | Community Living Network | Community Housing Alternatives Corporation | Glendale Nonprofit Housing Corporation | Consolidating Entries | 2013 Consolidated Total As Restated |
|---|---------------------------------------|--------------------------------|---|---|--------------------------|--|
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | | | | | | |
| General | \$ 15,593 | \$ 79,512 | \$ 27,836 | \$ 5,532 | \$ - | \$ 128,473 |
| Savings | - | - | 4,316 | 2,399 | - | 6,715 |
| Restricted cash (Note 14) | - | - | 38,181 | - | - | 38,181 |
| Total cash and cash equivalents | 15,593 | 79,512 | 70,333 | 7,931 | - | 173,369 |
| Accounts receivable | 240,125 | 701,063 | 10,980 | 1,219 | - | 953,387 |
| Open grants receivable | - | - | 439,288 | - | - | 439,288 |
| Due from related organization | 101,018 | - | - | - | (101,018) | - |
| Prepaid expenses | 12,659 | 78,920 | - | - | - | 91,579 |
| Escrow | - | - | - | 4,118 | - | 4,118 |
| Security deposits | 1,850 | - | - | - | - | 1,850 |
| Total current assets | 371,245 | 859,495 | 520,601 | 13,268 | (101,018) | 1,663,591 |
| Property and equipment, net (Note 5) | 53,314 | 355,939 | 478,823 | 336,689 | - | 1,224,765 |
| Total assets | <u>\$ 424,559</u> | <u>\$ 1,215,434</u> | <u>\$ 999,424</u> | <u>\$ 349,957</u> | <u>\$ (101,018)</u> | <u>\$ 2,888,356</u> |
| Liabilities and net assets | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ 19,047 | \$ 10,554 | \$ 9,937 | \$ 150 | \$ - | \$ 39,688 |
| Accrued payroll | 129,817 | 198,144 | - | - | - | 327,961 |
| Accrued interest | - | 606 | 477 | - | - | 1,083 |
| Security deposits | - | - | 5,442 | 2,127 | - | 7,569 |
| Due to related organization | - | 41,195 | 59,823 | - | (101,018) | - |
| Deferred revenue | 126,362 | 369,328 | 439,288 | - | - | 934,978 |
| Line of credit (Note 8) | - | 160,000 | 17,210 | - | - | 177,210 |
| Current portion of long-term debt | 14,635 | 21,685 | 2,509 | - | - | 38,829 |
| Total current liabilities | 289,861 | 801,512 | 534,686 | 2,277 | (101,018) | 1,527,318 |
| Long-term liabilities | | | | | | |
| Long-term debt (Note 9) | 10,650 | 175,543 | 94,518 | - | - | 280,711 |
| Refundable advances (Note 6) | - | - | 426,637 | 468,008 | - | 894,645 |
| Total long-term liabilities | 10,650 | 175,543 | 521,155 | 468,008 | - | 1,175,356 |
| Total liabilities | 300,511 | 977,055 | 1,055,841 | 470,285 | (101,018) | 2,702,674 |
| Net assets | | | | | | |
| Unrestricted net assets (deficiency) | 124,048 | 238,379 | (94,598) | (120,328) | - | 147,501 |
| Temporarily restricted net assets (Note 14) | - | - | 38,181 | - | - | 38,181 |
| Total net assets | 124,048 | 238,379 | (56,417) | (120,328) | - | 185,682 |
| Total liabilities and net assets | <u>\$ 424,559</u> | <u>\$ 1,215,434</u> | <u>\$ 999,424</u> | <u>\$ 349,957</u> | <u>\$ (101,018)</u> | <u>\$ 2,888,356</u> |

See accompanying notes.

Community Alliance
Statement of Activities
For the Year Ended September 30, 2014

| | Community Residence Corporation | Community Living Network | Community Housing Alternatives Corporation | Glendale Nonprofit Housing Corporation | Consolidating Entries | 2014 Consolidated Total |
|--|---------------------------------------|--------------------------------|---|---|--------------------------|-------------------------------|
| Unrestricted net assets | | | | | | |
| Support | | | | | | |
| Government grants | \$ - | \$ - | \$ 276,855 | \$ - | \$ - | \$ 276,855 |
| Direct public support | 5,109 | 10 | 20,000 | - | - | 25,119 |
| Contributions in-kind | 3,250 | 3,250 | 3,250 | - | - | 9,750 |
| Total support | <u>8,359</u> | <u>3,260</u> | <u>300,105</u> | <u>-</u> | <u>-</u> | <u>311,724</u> |
| Program revenue | | | | | | |
| Intermediary services: | | | | | | |
| Washtenaw | - | 2,922,532 | - | - | - | 2,922,532 |
| Macomb | - | 374,349 | - | - | - | 374,349 |
| Livingston | - | 281,628 | - | - | - | 281,628 |
| St. Clair | - | 118,160 | - | - | - | 118,160 |
| Clinton - Eaton - Ingham | - | 1,653,491 | - | - | - | 1,653,491 |
| Guidence Center | - | 54,223 | - | - | - | 54,223 |
| Lifeways | - | 65,313 | - | - | - | 65,313 |
| Total intermediary services | <u>-</u> | <u>5,469,696</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,469,696</u> |
| Supported living | 1,686,220 | - | - | - | - | 1,686,220 |
| Homes | 271,117 | - | - | - | - | 271,117 |
| Rent | - | - | 49,555 | 32,263 | - | 81,818 |
| Management fees | 239,506 | 274,205 | - | - | (239,506) | 274,205 |
| Other program revenue | 7,114 | - | - | 1,000 | - | 8,114 |
| Total program revenue | <u>2,203,957</u> | <u>5,743,901</u> | <u>49,555</u> | <u>33,263</u> | <u>(239,506)</u> | <u>7,791,170</u> |
| Total support and program revenue | <u>2,212,316</u> | <u>5,747,161</u> | <u>349,660</u> | <u>33,263</u> | <u>(239,506)</u> | <u>8,102,894</u> |
| Other revenue | | | | | | |
| Miscellaneous | 12,912 | 86,016 | - | - | - | 98,928 |
| Interest | - | 53 | - | 415 | - | 468 |
| Gain/(Loss) on the sale of fixed assets | - | - | - | - | - | - |
| Total other revenue | <u>12,912</u> | <u>86,069</u> | <u>-</u> | <u>415</u> | <u>-</u> | <u>99,396</u> |
| Reclassifications (Note 14) | | | | | | |
| Total revenue and reclassifications | <u>2,225,228</u> | <u>5,833,230</u> | <u>314,732</u> | <u>33,678</u> | <u>(239,506)</u> | <u>8,167,362</u> |
| Expenses | | | | | | |
| Program services | | | | | | |
| Rental | - | - | 57,652 | 21,760 | - | 79,412 |
| Home ownership | - | - | 246,464 | - | - | 246,464 |
| Supported living | 1,654,334 | - | - | - | - | 1,654,334 |
| Intermediary services | - | 5,708,626 | - | - | (239,506) | 5,469,120 |
| Total program services | <u>1,654,334</u> | <u>5,708,626</u> | <u>304,116</u> | <u>21,760</u> | <u>(239,506)</u> | <u>7,449,330</u> |
| Support services | | | | | | |
| Management and general | 605,112 | 30,566 | 36,549 | 9,241 | - | 681,468 |
| Fundraising | 1,224 | - | - | - | - | 1,224 |
| Total expenses | <u>2,260,670</u> | <u>5,739,192</u> | <u>340,665</u> | <u>31,001</u> | <u>(239,506)</u> | <u>8,132,022</u> |
| Increase (decrease) in unrestricted net assets | <u>(35,442)</u> | <u>94,038</u> | <u>(25,933)</u> | <u>2,677</u> | <u>-</u> | <u>35,340</u> |
| Increase (decrease) in temporarily restricted net assets (Note 14) | <u>-</u> | <u>-</u> | <u>34,928</u> | <u>-</u> | <u>-</u> | <u>34,928</u> |
| Increase (decrease) in net assets | <u>(35,442)</u> | <u>94,038</u> | <u>8,995</u> | <u>2,677</u> | <u>-</u> | <u>70,268</u> |
| Net assets at beginning of year | <u>124,048</u> | <u>238,379</u> | <u>(56,417)</u> | <u>(120,328)</u> | <u>-</u> | <u>185,682</u> |
| Net assets at end of year | <u>\$ 88,606</u> | <u>\$ 332,417</u> | <u>\$ (47,422)</u> | <u>\$ (117,651)</u> | <u>\$ -</u> | <u>\$ 255,950</u> |

See accompanying notes.

Community Alliance
Statement of Activities
For the Year Ended September 30, 2013

| | Community Residence Corporation | Community Living Network | Community Housing Alternatives Corporation | Glendale Nonprofit Housing Corporation | Consolidating Entries | 2013 Consolidated Total As Restated |
|--|---------------------------------------|--------------------------------|---|---|--------------------------|--|
| Unrestricted net assets | | | | | | |
| Support | | | | | | |
| Government grants | \$ - | \$ - | \$ 76,523 | \$ - | \$ - | \$ 76,523 |
| Direct public support | 17,262 | - | 8,000 | - | - | 25,262 |
| Contributions in-kind | 5,868 | 5,723 | 5,723 | - | - | 17,314 |
| Total support | 23,130 | 5,723 | 90,246 | - | - | 119,099 |
| Program revenue | | | | | | |
| Intermediary services: | | | | | | |
| Washtenaw | - | 2,462,712 | - | - | - | 2,462,712 |
| Macomb | - | 334,958 | - | - | - | 334,958 |
| Livingston | - | 523,107 | - | - | - | 523,107 |
| St. Clair | - | 66,459 | - | - | - | 66,459 |
| Hillsdale | - | 22,959 | - | - | - | 22,959 |
| Clinton - Eaton - Ingham | - | 1,154,961 | - | - | - | 1,154,961 |
| Guidance Center | - | 39,356 | - | - | - | 39,356 |
| Lifeways | - | - | - | - | - | - |
| Total intermediary services | - | 4,604,512 | - | - | - | 4,604,512 |
| Supported living Homes | 1,615,194 | - | - | - | - | 1,615,194 |
| Rent | 278,900 | - | 47,686 | 26,312 | - | 278,900 |
| Management fees | - | - | - | - | (225,910) | 73,998 |
| Other program revenue | 225,910 | 225,910 | - | - | - | 225,910 |
| Total program revenue | 91,245 | - | - | 3,043 | - | 94,288 |
| Total program revenue | 2,211,249 | 4,830,422 | 47,686 | 29,355 | (225,910) | 6,892,802 |
| Total support and program revenue | 2,234,379 | 4,836,145 | 137,932 | 29,355 | (225,910) | 7,011,901 |
| Other revenue | | | | | | |
| Miscellaneous | 26,018 | 22,376 | - | - | - | 48,394 |
| Interest | 19 | 77 | - | 298 | - | 394 |
| Gain/(Loss) on the sale of fixed assets | 1,029 | - | - | - | - | 1,029 |
| Total other revenue | 27,066 | 22,453 | - | 298 | - | 49,817 |
| Reclassifications (Note 14) | - | - | 31,257 | - | - | 31,257 |
| Total revenue and reclassifications | 2,261,445 | 4,858,598 | 169,189 | 29,653 | (225,910) | 7,092,975 |
| Expenses | | | | | | |
| Program services | | | | | | |
| Rental | - | - | 62,192 | 32,232 | - | 94,424 |
| Home ownership | - | - | 86,402 | - | - | 86,402 |
| Supported living | 1,703,202 | - | - | - | - | 1,703,202 |
| Intermediary services | - | 4,756,607 | - | - | (225,910) | 4,530,697 |
| Total program services | 1,703,202 | 4,756,607 | 148,594 | 32,232 | (225,910) | 6,414,725 |
| Support services | | | | | | |
| Management and general | 628,353 | 82,912 | 38,417 | - | - | 749,682 |
| Fundraising | 20,439 | 3,000 | 3,000 | - | - | 26,439 |
| Total expenses | 2,351,994 | 4,842,519 | 190,011 | 32,232 | (225,910) | 7,190,846 |
| Increase (decrease) in unrestricted net assets | (90,549) | 16,079 | (20,822) | (2,579) | - | (97,871) |
| Gain (Loss) from writeoff of intercompany receivable/payable | 380,356 | (429,335) | 94,833 | (45,854) | - | - |
| Increase (decrease) in unrestricted net assets | 289,807 | (413,256) | 74,011 | (48,433) | - | (97,871) |
| Increase (decrease) in temporarily restricted net assets (Note 14) | - | - | (31,257) | - | - | (31,257) |
| Increase (decrease) in net assets | 289,807 | (413,256) | 42,754 | (48,433) | - | (129,128) |
| Net assets at beginning of year | (165,759) | 589,343 | (88,613) | (71,895) | - | 263,076 |
| Prior period adjustment (Note 17) | - | 62,292 | (10,558) | - | - | 51,734 |
| Adjusted beginning balance | (165,759) | 651,635 | (99,171) | (71,895) | - | 314,810 |
| Net assets at end of year | \$ 124,048 | \$ 238,379 | \$ (56,417) | \$ (120,328) | \$ - | \$ 185,682 |

See accompanying notes.

Community Alliance
Statement of Functional Expenses for Program and Support Services
For the Year Ended September 30, 2014

| | Program Services | | | | Support Services | | 2014 Total | |
|-----------------------------|------------------|-------------------|---------------------|--------------------------|------------------|-------------------|---------------|-----------------|
| | Rental | Home Ownership | Supported Living | Intermediary Services | Program Total | Mgmt & General | | Fund Raising |
| Acq/rehab cost overrun | \$ | \$ 188,332 | \$ - | \$ - | \$ 188,332 | \$ - | \$ - | \$ 188,332 |
| Administration fees | | | | 239,505 | 239,505 | | | 239,505 |
| Advertising | | | | | | | 340 | 340 |
| Background checks | | | 64 | 2,109 | 2,173 | 440 | | 2,613 |
| Bad debt | 499 | | | | 499 | 3,117 | | 3,616 |
| Bank fees | 10 | | | 420 | 430 | 2,467 | | 2,897 |
| Client services | | | 4,132 | 42,285 | 46,417 | 206 | | 46,623 |
| Contract hours | | | 2,403 | | 2,403 | | | 2,403 |
| Contributed services | | | | | | 7,749 | | 7,749 |
| Depreciation | 33,402 | | 26,741 | | 60,143 | 15,183 | | 75,326 |
| Downpayment assistance | | 15,592 | | | 15,592 | | | 15,592 |
| Dues and subscriptions | | 25 | | 51 | 76 | 13,630 | | 13,706 |
| Entertainment and food | | | 13 | | 13 | 522 | | 535 |
| Equipment rental | | | | | | 6,040 | | 6,040 |
| Fundraising | | | 13 | | 13 | | 884 | 897 |
| Groceries | | | 41 | | 41 | 23 | | 64 |
| Home services/personal care | | | | 31,803 | 31,803 | | | 31,803 |
| Information technology | | | 5,948 | | 5,948 | 12,315 | | 18,263 |
| Inspections | 953 | 125 | 65 | | 1,143 | 100 | | 1,243 |
| Insurance | | | 4,867 | | 4,867 | 105,754 | | 110,621 |
| Interest and penalties | 5,688 | | | 44 | 5,732 | 19,959 | | 25,691 |
| Internal audits | | | 640 | | 640 | 680 | | 1,320 |
| Labor costs | 11,250 | 20,250 | 1,528,342 | 5,178,667 | 6,738,509 | 382,992 | | 7,121,501 |
| Licenses and fees | 20 | | | | 20 | 116 | | 136 |
| Medication | | | 662 | 385 | 1,047 | 21 | | 1,068 |
| Other expense | | 22,140 | 2,106 | | 24,246 | 9,892 | | 34,138 |
| Physical examinations | | | 4,853 | | 4,853 | 418 | | 5,271 |
| Postage and shipping | | | | | | 8,659 | | 8,659 |
| Professional fees | | | | | | 37,892 | | 37,892 |
| Property taxes | 2,991 | | | | 2,991 | 124 | | 3,115 |
| Rent and storage | | | 8,299 | | 8,299 | 4,065 | | 12,364 |
| Repairs and maintenance | 16,743 | | 3,114 | | 19,857 | 5,617 | | 25,474 |
| Respite care | | | | 26,653 | 26,653 | | | 26,653 |
| Staff meals | | | 1,170 | | 1,170 | 4,187 | | 5,357 |
| Supplies | 688 | | 6,657 | 265 | 7,610 | 8,936 | | 16,546 |
| Supported employment | | | | 24,407 | 24,407 | | | 24,407 |
| Transportation | | | 39,193 | 98 | 39,291 | 6,016 | | 45,307 |
| Utilities | 7,168 | | 11,218 | | 18,386 | 18,737 | | 37,123 |
| Workers comp insurance | | | | 157,962 | 157,962 | | | 157,962 |
| Workshops and meetings | | | 3,793 | 3,972 | 7,765 | 5,611 | | 13,376 |
| Total expenses | \$ 79,412 | \$ 246,464 | \$ 1,654,334 | \$ 5,708,626 | \$ 7,688,836 | \$ 681,468 | \$ 1,224 | \$ 8,371,528 |
| Percent of total expenses | 0.95% | 2.94% | 19.76% | 68.20% | 91.85% | 8.14% | 0.01% | 100.00% |

See accompanying notes.

Community Alliance
Statement of Functional Expenses for Program and Support Services
For the Year Ended September 30, 2013

| | Program Services | | | | Support Services | | | 2013 Total As Restated |
|----------------------------------|------------------|-------------------|---------------------|--------------------------|---------------------|-------------------|------------------|------------------------------|
| | Rental | Home Ownership | Supported Living | Intermediary Services | Program Total | Mgmt & General | Fund Raising | |
| Acq/rehab cost overrun | \$ - | \$ 20,376 | \$ - | \$ - | \$ 20,376 | \$ - | \$ - | \$ 20,376 |
| Administration fees | 5,694 | 10,250 | - | 225,910 | 241,854 | 6,833 | - | 248,687 |
| Advertising | - | - | - | - | - | - | 4,937 | 4,937 |
| Background checks | - | - | - | 1,429 | 1,429 | 286 | - | 1,715 |
| Bank fees | 1,236 | - | 3 | - | 1,239 | 1,710 | - | 2,949 |
| Client services | - | - | 2,953 | 32,920 | 35,873 | 582 | - | 36,455 |
| Contract hours | - | - | 1,376 | - | 1,376 | - | - | 1,376 |
| Contributed services | - | - | - | - | - | 6,249 | 6,000 | 12,249 |
| D&O insurance | - | - | - | - | - | 7,541 | - | 7,541 |
| Depreciation | 33,536 | - | 16,213 | - | 49,749 | 16,164 | - | 65,913 |
| Downpayment assistance | - | 13,833 | - | - | 13,833 | - | - | 13,833 |
| Dues and subscriptions | - | - | 110 | - | 110 | 14,415 | - | 14,525 |
| Entertainment and food | - | - | 174 | - | 174 | 2,545 | - | 2,719 |
| Equipment rental | - | - | - | - | - | 7,308 | - | 7,308 |
| Fundraising | - | - | 8 | - | 8 | - | 15,502 | 15,510 |
| Groceries | - | - | 725 | - | 725 | 15 | - | 740 |
| Home services/personal care | - | - | - | 54,725 | 54,725 | - | - | 54,725 |
| Information technology | - | - | 6,872 | - | 6,872 | 21,205 | - | 28,077 |
| Inspections | - | - | - | - | - | - | - | - |
| Insurance | 1,306 | - | 25,776 | - | 27,082 | 98,091 | - | 125,173 |
| Interest and penalties | 6,271 | - | - | - | 6,271 | 28,634 | - | 34,905 |
| Internal audits | - | - | - | - | - | - | - | - |
| Labor costs | 11,250 | 20,250 | 1,558,147 | 4,243,199 | 5,832,846 | 428,976 | - | 6,261,822 |
| Licenses and fees | 20 | - | 25 | - | 45 | 256 | - | 301 |
| Medication | - | - | 912 | 438 | 1,350 | - | - | 1,350 |
| Other expense | 1,508 | 21,693 | 526 | - | 23,727 | 6,589 | - | 30,316 |
| Physical examinations | - | - | 2,640 | - | 2,640 | 341 | - | 2,981 |
| Postage and shipping | - | - | 9 | - | 9 | 7,477 | - | 7,486 |
| Professional fees | 3,797 | - | 125 | - | 3,922 | 34,472 | - | 38,394 |
| Property taxes | 2,939 | - | - | - | 2,939 | 5,400 | - | 8,339 |
| Rent and storage | - | - | 10,568 | - | 10,568 | 1,280 | - | 11,848 |
| Repairs and maintenance | 19,285 | - | 2,393 | - | 21,678 | 9,096 | - | 30,774 |
| Respite care | - | - | - | 15,342 | 15,342 | 1,160 | - | 16,502 |
| Staff meals | - | - | 1,157 | - | 1,157 | 1,638 | - | 2,795 |
| Supplies | 45 | - | 10,028 | 188 | 10,261 | 13,534 | - | 23,795 |
| Supported employment | - | - | - | 14,700 | 14,700 | - | - | 14,700 |
| Transportation | - | - | 46,247 | 1,732 | 47,979 | - | - | 47,979 |
| Utilities | 7,537 | - | 10,678 | - | 18,215 | 16,886 | - | 35,101 |
| Workers comp insurance | - | - | - | 164,061 | 164,061 | 2,256 | - | 166,317 |
| Workshops and meetings | - | - | 5,537 | 1,963 | 7,500 | 8,743 | - | 16,243 |
| Total expenses | \$ 94,424 | \$ 86,402 | \$ 1,703,202 | \$ 4,756,607 | \$ 6,640,635 | \$ 749,682 | \$ 26,439 | \$ 7,416,756 |
| Percent of total expenses | 1.27% | 1.16% | 22.96% | 64.15% | 89.54% | 10.11% | 0.35% | 100.00% |

See accompanying notes.

Community Alliance
Statements of Cash Flows
For the Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> <u>As Restated</u> |
|---|-------------------|-----------------------------------|
| Cash flows from operating activities | | |
| Increase (decrease) in net assets | \$ 70,268 | \$ (129,128) |
| Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities | | |
| Depreciation | 75,326 | 65,913 |
| Gain on the sale of fixed assets | - | (1,029) |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in | | |
| Accounts receivable | (186,786) | (110,878) |
| Open grants receivable | 439,288 | 9,524 |
| Prepaid expenses | (11,417) | (24,772) |
| Escrow | (962) | 1,371 |
| Increase (decrease) in | | |
| Accounts payable | (22,858) | (9,795) |
| Accrued payroll | 75,273 | 5,903 |
| Accrued interest | 192 | (689) |
| Security deposits | - | (450) |
| Deferred revenue | (263,009) | 52,866 |
| Net cash provided (used) by operations | <u>175,315</u> | <u>(141,164)</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (74,877) | (38,595) |
| Sales of property and equipment | - | 3,879 |
| Net cash provided (used) by investing activities | <u>(74,877)</u> | <u>(34,716)</u> |
| Cash flows from financing activities | | |
| Proceeds from line of credit | 1,629,500 | 1,250,078 |
| Proceeds from long-term debt | 87,551 | 7,034 |
| Repayments of line of credit | (1,592,875) | (1,094,997) |
| Repayments of long-term debt | (62,667) | (38,888) |
| Increase (decrease) in refundable advances | (3,897) | (3,897) |
| Net cash provided (used) by financing activities | <u>57,612</u> | <u>119,330</u> |
| Net increase (decrease) in cash and cash equivalents | 158,050 | (56,550) |
| Beginning cash and cash equivalents | 173,369 | 229,919 |
| Ending cash and cash equivalents | <u>\$ 331,419</u> | <u>\$ 173,369</u> |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest | <u>\$ 25,499</u> | <u>\$ 35,594</u> |
| Noncash investing and financing | | |
| Vehicle purchased with loan | <u>\$ 87,551</u> | <u>\$ 7,034</u> |

See accompanying notes.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 1 - Description of Organization

Nature of Operations

Community Alliance is a nonprofit agency servicing Southeastern Michigan, with a focus in Washtenaw County. Community Alliance helps vulnerable populations participate in the larger community through support services, fiscal intermediary services, housing, and home ownership options, all allowing for independence and self sufficiency. Community Alliance is made up of four nonprofit corporations:

Community Residence Corporation (CRC) is a Michigan nonprofit corporation organized to provide residential and basic care services to developmentally disabled individuals. CRC derives its revenue from contributions and a contract with Washtenaw County for services to eligible clients.

Community Living Network, Inc. (CLN) is a Michigan nonprofit corporation organized to provide fiscal intermediary services to its consumers. CLN derives its revenue from contracts with local community mental health agencies for fiscal intermediary services to eligible clients.

Community Housing Alternatives Nonprofit Housing Corporation (CHA) is a Michigan nonprofit corporation that provides affordable rental housing and home ownership opportunities to disabled individuals and low-income families located in Washtenaw County in southeast Michigan. CHA derives its revenues and support from rental income, service fees, grants, and contributions.

Glendale Nonprofit Housing Corporation (GNH) is a Michigan nonprofit corporation that holds and manages rental properties in Ann Arbor, Michigan. GNH derives its revenue from low-income housing rentals.

Related Organization/Consolidated Financial Statements

The four nonprofit organizations (CRC, CLN, CHA, and GNH) share common office space, supplies, and staff. CRC and CLN share a common Board of Directors. CHA created GNH to hold and manage the Glendale rental properties and the two organizations share a common Board of Directors, which is approved by the common Board of CRC and CLN. In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958, the activities, assets, liabilities, and net assets of the four organizations are consolidated.

Description of Programs

The following is a description of Community Alliance's programs:

CHA Rental Program - CHA identifies, secures, develops and manages single family and duplex rental units, and provides this affordable, and accessible housing to disabled individuals and families with a disabled member. Funding is provided by Michigan Interfaith Trust Fund and the City of Ann Arbor/Washtenaw County Office of Community Development.

GNH Rental Program - provides four affordable and accessible duplex rental units at 100/102 and 112/114 Glendale Drive in Ann Arbor, Michigan to disabled individuals and families with a disabled member. The Michigan State Housing Development Authority (MSHDA) was the funding source for the acquisition of the Glendale properties.

Home Ownership Program - provides intensive homeowner education and counseling to disabled individuals, low to moderate income individuals, and families who desire to purchase their own home. Sub-programs include CHA's Down Payment Assistance Programs, MSHDA Down Payment Assistance Program, Home Choice Programs, Links to Homeownership Program, and the Section 8 Homeownership Program.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 1 - Description of Organization (continued)

Description of Programs (continued)

Supported Living Program - provides residential and basic care services to developmentally disabled individuals. Sub-programs include supported living sites and one family-style group home.

Intermediary Services - provides fiscal intermediary services to adults under the Choice Voucher and to children through the Children's Waiver Program. The services are provided under terms of contracts with Washtenaw County Community Health Board, Livingston County Community Mental Health, Macomb County Community Mental Health, St. Clair County Community Mental Health Authority, Clinton-Eaton-Ingham Community Health, Guidance Center, and Jackson County Lifeways, through funding received by these organizations from the Michigan Department of Community Health. CLN also provides services under contracts with private parties.

Management and General - includes the functions necessary to maintain the organization's programs, ensure an adequate working environment, secure proper administrative functioning of the board of directors, and manage the financial and budgetary responsibilities of the organization.

Fundraising - provides the structure necessary to encourage and secure financial support from individuals and businesses.

Note 2 - Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles (GAAP) and have been consistently applied.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other accruals.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958. Under those provisions, net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Community Alliance pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Community Alliance. Generally, the donors of such assets permit Community Alliance to use all or part of the income earned on the assets.

Cash and Cash Equivalents

Community Alliance considers all checking accounts, savings accounts, and short-term debt securities with maturities of three months or less to be cash equivalents.

Restricted Cash

Cash received from funding sources for a specified purpose are held in a separate bank account until utilized for that specified purpose.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 2 - Significant Accounting Policies (continued)

Accounts Receivable

Receivables arising from service fees are accounted for on the accrual basis and become past due after 30 days. Receivables are considered to be fully collectable, therefore no allowance for doubtful accounts is included in the financial statements. Receivables are written off if all efforts at collection have failed and management determines that collection is unlikely, however, accounts receivable arise predominantly from grants and contracts, and are usually collected in full.

Property and Equipment

Community Alliance capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are recorded at cost for purchased items and at fair market value at time of receipt for donated items. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the year of disposal.

Donations of Property and Equipment

Donations of property and equipment (long-lived assets) that do not have donor imposed stipulations about how long the property must be used are recorded as unrestricted contributions in the year received.

Security Deposits

Security deposits in the amount of one month's rent are collected from each tenant at the beginning of the lease term and are held in a separate bank account. At the end of the lease, the security deposit is refunded to the tenant, net of any funds used to return the home back to its original condition.

Refundable Advances

Transfers of assets to Community Alliance that are accompanied by the resource provider's conditional promise to give, or are otherwise revocable or repayable, are recorded as refundable advances until the transferred assets are beyond the control of the resource provider.

Grant Revenue

Restricted grants are recorded as support when funds have been expended for the restricted purpose.

Contributed Services

Community Alliance records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they were not donated as required by FASB ASC 958.

Promises to Give

Unconditional promises to give are recognized in the period received as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of the benefit received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give are recognized at the estimated net present value, net of any allowance. The allowance is based on prior years' experience and management's analysis of specific promises made.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 2 - Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Certain management and general costs have been allocated among the programs and supporting services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Advertising Costs

Advertising costs intended to solicit revenue in an exchange transaction are recorded as fundraising expenses in the period incurred.

Fair Value of Instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to the short-term nature of such instruments.

Subsequent Events

Subsequent events have been evaluated through the report date of February 16, 2015, the date that the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current financial statements.

Note 3 - Credit Risk

Financial instruments that potentially expose Community Alliance to concentrations of credit risk consist primarily of cash and cash equivalents. Community Alliance's cash is held in several bank accounts which are guaranteed by the Federal Deposit Insurance Corporation (FDIC). Due to fluctuating cash flows, the total cash balance of these accounts may periodically exceed FDIC insurance limits. At September 30, 2014 and 2013, cash balances did not exceed FDIC insurance limits.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 4 - Concentrations

The following schedule summarizes support from grantors and contractors that were equal to or greater than 20% of total support and program revenues recognized for the years ended September 30, 2014 and 2013:

| | 2014 | | | | |
|-------------------------|--------------------|--------------------|-------------------|------------------|---------------------|
| | <u>CRC</u> | <u>CLN</u> | <u>CHA</u> | <u>GNH</u> | <u>Total</u> |
| Washtenaw County | \$1,726,559 | \$3,030,083 | \$ 126,855 | \$ - | \$ 4,883,497 |
| Clinton, Eaton & Ingham | - | 1,859,010 | - | - | 1,859,010 |
| MSHDA | - | - | 150,000 | - | 150,000 |
| Other | 246,251 | 858,068 | 72,805 | 33,263 | 1,210,387 |
| Total | <u>\$1,972,810</u> | <u>\$5,747,161</u> | <u>\$ 349,660</u> | <u>\$ 33,263</u> | <u>\$ 8,102,894</u> |

| | 2013 | | | | |
|-------------------------|--------------------|--------------------|-------------------|------------------|---------------------|
| | <u>CRC</u> | <u>CLN</u> | <u>CHA</u> | <u>GNH</u> | <u>Total</u> |
| Washtenaw County | \$1,733,629 | \$2,401,483 | \$ 69,917 | \$ - | \$ 4,205,029 |
| Clinton, Eaton & Ingham | - | 1,370,517 | - | - | 1,370,517 |
| Other | 274,840 | 1,064,145 | 68,015 | 29,355 | 1,436,355 |
| Total | <u>\$2,008,469</u> | <u>\$4,836,145</u> | <u>\$ 137,932</u> | <u>\$ 29,355</u> | <u>\$ 7,011,901</u> |

Receivable balances due from funding sources equal to or greater than 20% of total receivables for the years ended September 30, 2014 and 2013 are as follows:

| | 2014 | | | | |
|-------------------------|-------------------|-------------------|------------------|-----------------|---------------------|
| | <u>CRC</u> | <u>CLN</u> | <u>CHA</u> | <u>GNH</u> | <u>Total</u> |
| Washtenaw County | \$ 168,900 | \$ 345,380 | \$ - | \$ - | \$ 514,280 |
| Clinton, Eaton & Ingham | - | 354,293 | - | - | 354,293 |
| Other | 84,395 | 175,428 | 10,159 | 1,618 | 271,600 |
| Total | <u>\$ 253,295</u> | <u>\$ 875,101</u> | <u>\$ 10,159</u> | <u>\$ 1,618</u> | <u>\$ 1,140,173</u> |

| | 2013 | | | | |
|------------------|-------------------|-------------------|------------------|-----------------|-------------------|
| | <u>CRC</u> | <u>CLN</u> | <u>CHA</u> | <u>GNH</u> | <u>Total</u> |
| Washtenaw County | \$ 146,432 | \$ 250,126 | \$ - | \$ - | \$ 396,558 |
| Other | 93,693 | 450,937 | 10,980 | 1,219 | 556,829 |
| Total | <u>\$ 240,125</u> | <u>\$ 701,063</u> | <u>\$ 10,980</u> | <u>\$ 1,219</u> | <u>\$ 953,387</u> |

Note 5 - Property and Equipment

The components of property and equipment at September 30, 2014 are as follows:

| | Life | 2014 | | | | |
|--------------------------|------|------------------|-------------------|-------------------|------------------|---------------------|
| | | <u>CRC</u> | <u>CLN</u> | <u>CHA</u> | <u>GNH</u> | <u>Total</u> |
| Buildings & Imprvmts | 5-40 | \$ - | \$ 426,323 | \$ 678,692 | \$408,855 | \$ 1,513,870 |
| Land | NA | - | 18,825 | 47,300 | 46,754 | 112,879 |
| Equipment | 5-7 | 33,795 | - | 23,873 | 1,150 | 58,818 |
| Vehicles | 5 | 232,623 | - | - | - | 232,623 |
| Total property and equip | | <u>266,418</u> | <u>445,148</u> | <u>749,865</u> | <u>456,759</u> | <u>1,918,190</u> |
| Less accum deprec | | <u>167,244</u> | <u>102,097</u> | <u>292,734</u> | <u>131,797</u> | <u>693,872</u> |
| Net property and equip | | <u>\$ 99,174</u> | <u>\$ 343,051</u> | <u>\$ 457,131</u> | <u>\$324,962</u> | <u>\$ 1,224,318</u> |

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 5 - Property and Equipment (continued)

The components of property and equipment at September 30, 2013 are as follows:

| | Life | 2013 | | | | Total |
|--------------------------|------|------------------|-------------------|-------------------|-------------------|---------------------|
| | | CRC | CLN | CHA | GNH | |
| Buildings & Imprvmts | 5-40 | \$ - | \$ 426,323 | \$ 678,692 | \$ 408,855 | \$ 1,513,870 |
| Land | NA | - | 18,825 | 47,300 | 46,754 | 112,879 |
| Equipment | 5-7 | 33,795 | - | 23,873 | 1,150 | 58,818 |
| Vehicles | 5 | 157,746 | - | - | - | 157,746 |
| Total property and equip | | 191,541 | 445,148 | 749,865 | 456,759 | 1,843,313 |
| Less accum deprec | | 138,227 | 89,209 | 271,042 | 120,070 | 618,548 |
| Net property and equip | | <u>\$ 53,314</u> | <u>\$ 355,939</u> | <u>\$ 478,823</u> | <u>\$ 336,689</u> | <u>\$ 1,224,765</u> |

Note 6 - Refundable Advances

Refundable advances require immediate repayment to the resource provider if the property is sold to an unqualified individual or its use is changed. The Washtenaw County advances of \$35,000, \$6,000 and \$24,450 for 3920 Cochran are forgiven over a 15 year period of affordability. Accordingly, a portion of each advance is amortized to revenue each year. The City of Ann Arbor advances for 2 Kilbrennan and 9 Rockland have a 99 year City affordability period and a 20 year HUD affordability period. The City of Ann Arbor advance for 2176 Hemlock has a 99 year affordability period, or becomes due immediately upon the transfer or sale of the property. The MSHDA advance for both Glendale properties are forgiven after 40 years.

The following schedule details current refundable advances for the year ended September 30, 2014:

| Grantor / Property | Date | CHA | GNH | 2014 |
|---|-----------|-------------------|-------------------|-------------------|
| Washtenaw County | | | | |
| 1911/1913 Dexter | 3/22/2001 | \$ 17,000 | \$ - | \$ 17,000 |
| 3920 Cochran (\$35,000) | 8/29/2003 | 11,200 | - | 11,200 |
| 3920 Cochran (\$6,000) | 8/17/2005 | 2,400 | - | 2,400 |
| 3920 Cochran (\$24,450) | 6/4/2007 | 13,040 | - | 13,040 |
| 2 Kilbrennan | 3/22/2001 | 15,000 | - | 15,000 |
| 9 Rockland | 3/22/2001 | 10,000 | - | 10,000 |
| 100/102 Glendale | 4/5/2002 | - | 20,000 | 20,000 |
| 112/114 Glendale | 9/17/2002 | - | 30,000 | 30,000 |
| Subtotal | | 68,640 | 50,000 | 118,640 |
| City of Ann Arbor | | | | |
| 1911/1913 Dexter | 8/23/2006 | 129,000 | - | 129,000 |
| 2 Kilbrennan | 7/1/2005 | 103,000 | - | 103,000 |
| 9 Rockland | 7/1/2005 | 73,100 | - | 73,100 |
| 2176 Hemlock | 8/23/2006 | 49,000 | - | 49,000 |
| 100/102 Glendale | 4/10/2002 | - | 150,000 | 150,000 |
| 112/114 Glendale | 7/5/2002 | - | 150,000 | 150,000 |
| Subtotal | | 354,100 | 300,000 | 654,100 |
| Michigan State Housing Development Authority | | | | |
| 100/102, 112/114 Glendale | 4/1/2003 | - | 118,008 | 118,008 |
| Total refundable advances | | <u>\$ 422,740</u> | <u>\$ 468,008</u> | <u>\$ 890,748</u> |

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 6 - Refundable Advances (continued)

The following schedule details current refundable advances for the year ended September 30, 2013:

| <u>Grantor / Property</u> | <u>Date</u> | <u>CHA</u> | <u>GNH</u> | <u>2013</u> |
|---|-------------|-------------------|-------------------|-------------------|
| Washtenaw County | | | | |
| 1911/1913 Dexter | 3/22/2001 | \$ 17,000 | \$ - | \$ 17,000 |
| 3920 Cochran (\$35,000) | 8/29/2003 | 13,067 | - | 13,067 |
| 3920 Cochran (\$6,000) | 8/17/2005 | 2,800 | - | 2,800 |
| 3920 Cochran (\$24,450) | 6/4/2007 | 14,670 | - | 14,670 |
| 2 Kilbrennan | 3/22/2001 | 15,000 | - | 15,000 |
| 9 Rockland | 3/22/2001 | 10,000 | - | 10,000 |
| 100/102 Glendale | 4/5/2002 | - | 20,000 | 20,000 |
| 112/114 Glendale | 9/17/2002 | - | 30,000 | 30,000 |
| Subtotal | | <u>72,537</u> | <u>50,000</u> | <u>122,537</u> |
| City of Ann Arbor | | | | |
| 1911/1913 Dexter | 8/23/2006 | 129,000 | - | 129,000 |
| 2 Kilbrennan | 7/1/2005 | 103,000 | - | 103,000 |
| 9 Rockland | 7/1/2005 | 73,100 | - | 73,100 |
| 2176 Hemlock | 8/23/2006 | 49,000 | - | 49,000 |
| 100/102 Glendale | 4/10/2002 | - | 150,000 | 150,000 |
| 112/114 Glendale | 7/5/2002 | - | 150,000 | 150,000 |
| Subtotal | | <u>354,100</u> | <u>300,000</u> | <u>654,100</u> |
| Michigan State Housing Development Authority | | | | |
| 100/102, 112/114 Glendale | 4/1/2003 | - | 118,008 | 118,008 |
| Total refundable advances | | <u>\$ 426,637</u> | <u>\$ 468,008</u> | <u>\$ 894,645</u> |

Note 7 - Related Parties

Family members of two board members are consumers of the organization; benefits on behalf of these individuals are reimbursed by funding sources.

Note 8 - Bank Line of Credit

CHA has a \$41,125 Business Visa account with Fifth Third Bank. The interest rate was 5.24% and 29.99% at September 30, 2014 and 2013. The balance on the Business Visa was \$13,835 and \$17,210 at September 30, 2014 and 2013, respectively.

CRC has a \$200,000 line of credit with Ann Arbor State Bank, which is secured by the personal assets of CRC. From time to time, CRC will authorize CLN to take draws against the line. The interest rate was 6.0% at September 30, 2014. The balance on the line of credit was \$200,000 and \$160,000 at September 30, 2014 and 2013, respectively. The credit line expires September 19, 2015, but is expected to be renewed.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 9 - Long-term Debt

Long-term debt consisted of the following at September 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--|-------------|-------------|
| Mortgage note payable to Northern Ohio Investment Co., monthly payments of \$687, including interest at 5.75%, matures June 2033, secured by rental property at 3920 Cochran with a book value of \$112,313. | \$ 93,717 | \$ 97,027 |
| Note payable to Ford Motor Credit, monthly payments of \$621 including interest at 11.19%, matures May 2014, secured by a vehicle with a book value of \$0. | - | 3,590 |
| Note payable to Ford Motor Credit, monthly payments of \$762, including interest at 7.04%, matures August 2015, secured by a vehicle with a book value of \$11,716. | 6,649 | 16,420 |
| Note payable to Ford Motor Credit, monthly payments of \$255, including interest at 6.74%, matures July 2015, secured by a vehicle with a book value of \$7,823. | 2,230 | 5,275 |
| Note payable to Ford Motor Credit, monthly payments of \$482, including interest at 5.24%, matures December 2018, secured by a vehicle with a book value of \$21,144. | 21,172 | - |
| Note payable to Ford Motor Credit, monthly payments of \$540, including interest at 5.24%, matures February 2019, secured by a vehicle with a book value of \$23,767. | 24,585 | - |
| Note payable to Ford Motor Credit, monthly payments of \$438, including interest at 5.24%, matures March 2019, secured by a vehicle with a book value of \$19,872. | 20,677 | - |
| Note payable to Bank of Ann Arbor, monthly payments of \$2,900, including interest at 7%, matures May 2017, secured by building and land with a book value of \$343,051. | 175,396 | 197,228 |
| Total long-term debt | 344,426 | 319,540 |
| Less current portion | 47,444 | 38,829 |
| Long-term portion | \$ 296,982 | \$ 280,711 |

Maturities of long-term debt are as follows:

| | | |
|--------------------------|----------------------|------------|
| Year ended September 30, | 2015 | \$ 47,444 |
| | 2016 | 43,170 |
| | 2017 | 146,567 |
| | 2018 | 20,280 |
| | 2019 | 7,827 |
| | Thereafter | 79,138 |
| | Total long-term debt | \$ 344,426 |

Note 10 - Donations In-kind

Community Alliance received donated facilities of \$2,000 and \$1,920 during the years ended September 30, 2014 and 2013, respectively. The organization also received donated advertising totaling \$0 and \$9,000 for the years ended September 30, 2014 and 2013, respectively. In addition, it received \$7,750 and \$6,250 in donated auditing and consulting services for the years ended September 30, 2014 and September 30, 2013,

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 11 - Operating Leases

CRC leases a postage meter for \$82 per month with a lease that expires June 22, 2018. In addition, it leases a copier for \$401 per month with a lease that expires October 14, 2015. Lease expense for the above equipment for the years ended September 30, 2014 and 2013 was \$6,040 and \$7,308, respectively.

CRC leases three vehicles for use at the various group homes they operate for a total of \$1,024 per month, with expiring terms of June 2014, March 2017 and July 2017. Lease expense included in the operations for the years ended September 30, 2014 and 2013 was \$6,385 and \$4,851, respectively.

The following is a schedule of future minimum lease payments:

| | | |
|-------------------------------|----|-------|
| Year ended September 30, 2015 | \$ | 5,793 |
| 2016 | | 1,385 |
| 2017 | | 985 |
| 2018 | | 738 |
| Total | | 8,901 |

Note 12 - Contingencies and Commitments

Funding - Community Alliance participates in several federally funded grant programs. Federal grant programs are subject to financial and compliance audits by the grantor or its representatives to insure recipient compliance with terms of the grant programs. Management maintains that any liability for reimbursement of grant funds to a grantor resulting from an audit would not be material to the financial statements.

Refundable Advances - As detailed in Note 6, CHA and GNH received several refundable advances for homes financed with federal funds and passed through the City of Ann Arbor, Washtenaw County, and MSHDA. While CHA or GNH hold title to the properties, any proceeds received from the sale of any HOME Homeownership Assistance property may be utilized for either the development of other affordable housing projects or other HOME-eligible activities in the HOME Consortium and Urban County areas, subject to the review and approval by the County Community Developer Officer.

Limited Partnership - In December, 2009, CHA formed a single member LLC (partnership), Oaks of Ann Arbor GP, LLC (the LLC), for the purpose of investing in low-income rental housing. In February, 2011, the LLC became a general partner in a real-estate development for low-income rental housing in Ann Arbor, Michigan, known as The Oaks of Ann Arbor LDHA LTD (LDHA LTD). At December 31, 2013, LDHA LTD had \$2,301,538 in assets and \$1,733,200 in liabilities. The LLC's share of the net assets of LDHA LTD on December 31, 2013 was \$568, representing 0.1% of capital. The LLC's share of the recourse debt obligations of LDHA LTD at December 31, 2013 was \$545,941.

Note 13 - Impairment

Real estate assets in Southeast Michigan have experienced a substantial decline in market value. The net book value of land and buildings (cost less depreciation) were evaluated against the decline in the market value of these same assets. While the fair market value of the buildings are currently less than the carrying value, the organization is not planning to sell the buildings in the near future and the decrease has not been deemed to be "not recoverable" at this time. Therefore, management believes there is no impairment issue at this time.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 14 - Temporarily Restricted Net Assets

Cash received from the City of Ann Arbor/Washtenaw County Office of Community Development for the Acquisition, Rehab and Resale Program, plus home resale proceeds, are held in a separate bank account until utilized on other qualifying projects. The temporarily restricted balance as of September 30, 2014 and 2013 consisted of the following:

| | 2014 | 2013 |
|-----------------------------|------------|-----------|
| Restricted amounts received | \$ 300,521 | \$ 30,533 |
| Released from restriction | (265,593) | (61,790) |
| Net increase (decrease) | 34,928 | (31,257) |
| Beginning balance October 1 | 38,181 | 69,438 |
| Ending balance September 30 | \$ 73,109 | \$ 38,181 |

Note 15 - Tax Status

The four organizations that make up Community Alliance (CRC, CLN, CHA and GNH) have been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organizations' tax-exempt purposes may be subject to taxation as unrelated business income. Provisions are made for income taxes based on taxable income, if any, arising from such activities. In addition, all four organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than private foundations under Section 509(a)(2).

Community Alliance has adopted the recognition requirements for uncertain income tax positions as required by GAAP. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. Community Alliance has analyzed tax positions taken for filings with the Internal Revenue Service and the State jurisdiction where it operates. Community Alliance believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on Community Alliance's financial condition, results of operations or cash flows. Accordingly, Community Alliance has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2014 and 2013.

Community Alliance may be subject to random audits by taxing jurisdictions; however, there are currently no audits in progress for any prior tax periods. The four organizations making up Community Alliance (CRC, CLN, CHA, and GNH) file information returns in the U.S. federal jurisdiction. The statute of limitations is generally three years for federal returns. The four organizations (CRC, CLN, CHA, and CRC) file annual information updates with the State of Michigan in order to maintain corporate status. All four organizations are up-to-date with these filings as of September 30, 2014.

Note 16 - Retirement Plan

Community Alliance sponsors a SIMPLE IRA plan to all eligible employees. To be eligible, the employee must have worked two years with an annual compensation of \$5,000 or more. The company match is 3% of the employee's compensation for the year. Employees are 100% vested in the plan. Community Alliance contributed \$7,028 and \$8,490 for the years ended September 30, 2014 and 2013, respectively.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2014 and 2013

Note 17 - Prior Period Adjustment and Restated Financial Statements

During the year ended September 30, 2014, Community Alliance discovered errors made in prior periods. Prepaid insurance was understated by \$75,750 and \$62,292 and refundable advances were understated by \$12,192 and \$10,558 for the periods ending September 30, 2013 and 2012, respectively. This resulted in an understatement of program revenue and an understatement of net assets of \$63,558 and \$51,734 at September 30, 2013 and 2012, respectively. The prior period adjustment of \$51,734 has been recorded to net assets as of October 1, 2012 and the September 30, 2013 financial statements have been restated to correct these errors.

Note 18 - Discontinued Operations

In July 2014, the Board of Directors passed a resolution to transition out of the housing program. Since then, Community Alliance management have met with the Ann Arbor Housing Commission and the Ann Arbor Office of Community Development regarding finding an organization to take over CHA's and GNH's housing projects. Once all the rental properties have been sold or transferred, both CHA and GNH will be dissolved.

**SUPPLEMENTAL
INFORMATION**

Community Alliance
Community Residence Corporation
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2014 and 2013

| | Program Services | | | | Support Services | | | Program Services | | | Support Services | | 2013 Total As Restated |
|--------------------------------|---------------------|------------|------------------|-------------------|------------------|---------------|---------------------|------------------|------------------|-------------------|------------------|----------|------------------------------|
| | Supported Living | Homes | Program Total | Mgmt & General | Fund Raising | 2014 Total | Supported Living | Homes | Program Total | Mgmt & General | Fund Raising | | |
| | | | | | | | | | | | | \$ | |
| Advertising | - | - | - | - | - | 340 | - | - | - | - | - | 4,937 | \$ 4,937 |
| Background checks | 48 | 16 | 64 | 440 | - | 504 | - | - | - | - | - | 286 | 286 |
| Bad debt | - | - | - | 3,117 | - | 3,117 | - | - | - | - | - | - | - |
| Bank fees | - | - | - | 1,789 | - | 1,789 | 3 | - | 3 | 1,256 | - | - | 1,259 |
| Client services | 2,905 | 1,227 | 4,132 | 206 | - | 4,338 | 1,906 | 1,047 | 2,953 | 582 | - | - | 3,535 |
| Contract hours | 2,166 | 237 | 2,403 | - | - | 2,403 | 1,147 | 229 | 1,376 | - | - | - | 1,376 |
| Contributed services | - | - | - | 2,583 | - | 2,583 | - | - | - | 2,083 | - | - | 2,083 |
| D&O insurance | - | - | - | - | - | - | - | - | - | 7,541 | - | - | 7,541 |
| Depreciation | 26,741 | - | 26,741 | 2,277 | - | 29,018 | 16,213 | - | 16,213 | 3,093 | - | - | 19,306 |
| Dues and subscriptions | - | - | - | 13,630 | - | 13,630 | - | 110 | 110 | 14,415 | - | - | 14,525 |
| Entertainment and food | 13 | - | 13 | 522 | - | 535 | 59 | 115 | 174 | 2,545 | - | - | 2,719 |
| Equipment rental | - | - | - | 6,040 | - | 6,040 | - | - | - | 7,308 | - | - | 7,308 |
| Fundraising | 13 | - | 13 | - | 884 | 897 | 8 | 8 | 8 | - | 15,502 | - | 15,510 |
| Groceries | 24 | 17 | 41 | 23 | - | 64 | 453 | 272 | 725 | 15 | - | - | 740 |
| Information technology | 3,007 | 2,941 | 5,948 | 12,315 | - | 18,263 | 3,595 | 3,277 | 6,872 | 21,205 | - | - | 28,077 |
| Inspections | - | 65 | 65 | 100 | - | 165 | - | - | - | - | - | - | - |
| Insurance | 4,629 | 238 | 4,867 | 100,302 | - | 105,169 | 24,062 | 1,714 | 25,776 | 90,606 | - | - | 116,382 |
| Interest and penalties | - | - | - | 2,895 | - | 2,895 | - | - | - | 2,839 | - | - | 2,839 |
| Internal audits | 560 | 80 | 640 | 680 | - | 1,320 | - | - | - | - | - | - | - |
| Labor costs | 1,330,611 | 197,731 | 1,528,342 | 369,492 | - | 1,897,834 | 1,303,347 | 254,800 | 1,558,147 | 396,283 | - | - | 1,954,430 |
| Licenses and fees | - | - | - | 96 | - | 96 | - | 25 | 25 | 206 | - | - | 231 |
| Medication | 8 | 654 | 662 | 21 | - | 683 | - | 912 | 912 | - | - | - | 912 |
| Other expense | 1,386 | 720 | 2,106 | 8,989 | - | 11,095 | 475 | 51 | 526 | 7,656 | - | - | 8,182 |
| Physical examination | 4,438 | 415 | 4,853 | 418 | - | 5,271 | 2,095 | 545 | 2,640 | 341 | - | - | 2,981 |
| Postage and shipping | - | - | - | 8,659 | - | 8,659 | - | 9 | 9 | 7,477 | - | - | 7,486 |
| Professional fees - accounting | - | - | - | 15,520 | - | 15,520 | - | - | - | 12,514 | - | - | 12,514 |
| Professional fees - legal | - | - | - | 1,281 | - | 1,281 | - | - | - | 4,369 | - | - | 4,369 |
| Professional fees - consulting | - | - | - | 3,248 | - | 3,248 | - | 125 | 125 | 400 | - | - | 525 |
| Rent and storage | 8,299 | - | 8,299 | 2,731 | - | 11,030 | 10,568 | - | 10,568 | - | - | - | 10,568 |
| Repairs and maintenance | - | 3,114 | 3,114 | 4,450 | - | 7,564 | 326 | 2,067 | 2,393 | 4,983 | - | - | 7,376 |
| Staff meals | 1,161 | 9 | 1,170 | 4,187 | - | 5,357 | 1,043 | 114 | 1,157 | 1,638 | - | - | 2,795 |
| Supplies | 2,080 | 4,577 | 6,657 | 8,936 | - | 15,593 | 2,660 | 7,368 | 10,028 | 13,534 | - | - | 23,562 |
| Transportation | 34,134 | 5,059 | 39,193 | 6,016 | - | 45,209 | 41,435 | 4,812 | 46,247 | - | - | - | 46,247 |
| Utilities | 5,988 | 5,230 | 11,218 | 18,653 | - | 29,871 | 5,217 | 5,461 | 10,678 | 16,885 | - | - | 27,563 |
| Workshops and meetings | 3,499 | 294 | 3,793 | 5,496 | - | 9,289 | 4,585 | 952 | 5,537 | 8,293 | - | - | 13,830 |
| Total expenses | \$1,431,710 | \$ 222,624 | \$1,654,334 | \$ 605,112 | \$ 1,224 | \$2,260,670 | \$1,419,197 | \$ 284,005 | \$1,703,202 | \$628,353 | \$ 20,439 | \$ 4,937 | \$ 2,351,994 |
| Percent of total expenses | 63.33% | 9.85% | 73.18% | 26.77% | 0.05% | 100.00% | 60.34% | 12.08% | 72.42% | 26.71% | 0.87% | 0.17% | 100.00% |

Community Alliance
Community Living Network
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2014 and 2013

| | Program Services | | | | | | | Support Services | | | | |
|-----------------------------|---------------------------------|------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------------|--------------------------------|--------------------|----------------|--------------|--------------|
| | Intermediary Services Washnetaw | Intermediary Services Macomb | Intermediary Services Livingston | Intermediary Services St. Clair | Intermediary Services Hillsdale | Intermediary Services C - E - I | Intermediary Services Guidance Cen. | Intermediary Services Lifeways | 2014 Program Total | Mgmt & General | Fund Raising | 2014 Total |
| Administration fees | \$ 94,202 | \$ 16,207 | \$ 11,570 | \$ 6,465 | \$ - | \$ 107,907 | \$ 1,623 | \$ 1,531 | \$ 239,505 | \$ - | \$ - | \$ 239,505 |
| Background checks | 1,183 | 56 | 95 | 72 | - | 647 | - | 56 | 2,109 | - | - | 2,109 |
| Bank fees | 420 | - | - | - | - | - | - | - | 420 | 234 | - | 654 |
| Client services | 35,089 | - | 136 | 5,449 | - | 406 | - | 1,205 | 42,285 | - | - | 42,285 |
| Contributed services | - | - | - | - | - | - | - | - | - | 2,583 | - | 2,583 |
| Depreciation | - | - | - | - | - | - | - | - | - | 12,889 | - | 12,889 |
| Dues and subscriptions | - | - | - | - | - | 51 | - | - | 51 | - | - | 51 |
| Home services/personal care | 26,030 | 3,830 | 107 | 1,836 | - | - | - | - | 31,803 | - | - | 31,803 |
| Interest and penalties | 18 | 14 | 9 | - | - | 3 | - | - | 44 | 14,049 | - | 14,093 |
| Labor costs | 2,759,775 | 365,827 | 262,998 | 94,286 | - | 1,593,416 | 48,181 | 54,184 | 5,178,667 | - | - | 5,178,667 |
| Licenses and fees | - | - | - | - | - | - | - | - | - | 20 | - | 20 |
| Medication | - | 385 | - | - | - | - | - | - | 385 | - | - | 385 |
| Property taxes | - | - | - | - | - | - | - | - | - | 124 | - | 124 |
| Rent and storage | - | - | - | - | - | - | - | - | - | 667 | - | 667 |
| Respite care | 26,653 | - | - | - | - | - | - | - | 26,653 | - | - | 26,653 |
| Supplies | 86 | 84 | - | - | - | 95 | - | - | 265 | - | - | 265 |
| Supported employment | 24,407 | - | - | - | - | - | - | - | 24,407 | - | - | 24,407 |
| Transportation | 98 | - | - | - | - | - | - | - | 98 | - | - | 98 |
| Workers comp insurance | 82,442 | 9,141 | 11,679 | 4,730 | - | 45,928 | 2,414 | 1,628 | 157,962 | - | - | 157,962 |
| Workshops& meetings | 3,632 | - | 340 | - | - | - | - | - | 3,972 | - | - | 3,972 |
| Total expenses | \$ 3,054,055 | \$ 395,544 | \$ 286,934 | \$ 112,838 | \$ - | \$ 1,748,453 | \$ 52,218 | \$ 58,604 | \$ 5,708,626 | \$ 30,566 | \$ - | \$ 5,739,192 |
| Percent of total expenses | 53.21% | 6.89% | 5.00% | 1.97% | 0.00% | 30.47% | 0.91% | 1.02% | 99.47% | 0.53% | 0.00% | 100.00% |

| | Program Services | | | | | | | Support Services | | | | |
|--------------------------------|---------------------------------|------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------------|--------------------------------|--------------------|----------------|--------------|------------------------|
| | Intermediary Services Washnetaw | Intermediary Services Macomb | Intermediary Services Livingston | Intermediary Services St. Clair | Intermediary Services Hillsdale | Intermediary Services C - E - I | Intermediary Services Guidance Cen. | Intermediary Services Lifeways | 2013 Program Total | Mgmt & General | Fund Raising | 2013 Total As Restated |
| Administration fees | \$ 90,375 | \$ 19,425 | \$ 21,725 | \$ 1,440 | \$ - | \$ 91,685 | \$ 1,260 | \$ - | \$ 225,910 | \$ - | \$ - | \$ 225,910 |
| Background Checks | 752 | 14 | 105 | 28 | - | 530 | - | - | 1,429 | - | - | 1,429 |
| Bank fees | - | - | - | - | - | - | - | - | - | 386 | - | 386 |
| Client services | 31,093 | - | 753 | 830 | - | 244 | - | - | 32,920 | - | - | 32,920 |
| Contributed services | - | - | - | - | - | - | - | - | - | 2,083 | 3,000 | 5,083 |
| Depreciation | - | - | - | - | - | - | - | - | - | 12,799 | - | 12,799 |
| Home services/personal care | 51,197 | 917 | - | 2,611 | - | - | - | - | 54,725 | - | - | 54,725 |
| Interest and penalties | - | - | - | - | - | - | - | - | - | 23,214 | - | 23,214 |
| Labor costs | 2,216,644 | 326,219 | 478,527 | 54,802 | 22,498 | 1,106,894 | 37,615 | - | 4,243,199 | 19,193 | - | 4,262,392 |
| Licenses and Fees | - | - | - | - | - | - | - | - | - | 20 | - | 20 |
| Medication | 15 | 393 | - | - | - | 30 | - | - | 438 | - | - | 438 |
| Other expense | - | - | - | - | - | - | - | - | - | (1,067) | - | (1,067) |
| Professional fees - accounting | - | - | - | - | - | - | - | - | - | 14,302 | - | 14,302 |
| Professional fees - legal | - | - | - | - | - | - | - | - | - | 917 | - | 917 |
| Property taxes | - | - | - | - | - | - | - | - | - | 5,400 | - | 5,400 |
| Rent and Storage | - | - | - | - | - | - | - | - | - | 640 | - | 640 |
| Repairs and maintenance | - | - | - | - | - | - | - | - | - | 1,609 | - | 1,609 |
| Respite care | 15,342 | - | - | - | - | - | - | - | 15,342 | 1,160 | - | 16,502 |
| Supplies | - | 188 | - | - | - | - | - | - | 188 | - | - | 188 |
| Supported Employment | 14,700 | - | 100 | 69 | - | - | - | - | 14,700 | - | - | 14,700 |
| Transportation | 1,563 | - | - | - | - | - | - | - | 1,732 | - | - | 1,732 |
| Workers comp insurance | 87,133 | 13,426 | 16,874 | 1,024 | - | 44,210 | 1,394 | - | 164,061 | 2,256 | - | 166,317 |
| Workshops and meetings | 1,963 | - | - | - | - | - | - | - | 1,963 | - | - | 1,963 |
| Total expenses | \$ 2,510,777 | \$ 360,582 | \$ 518,084 | \$ 60,804 | \$ 22,498 | \$ 1,243,593 | \$ 40,269 | \$ - | \$ 4,756,607 | \$ 82,912 | \$ 3,000 | \$ 4,842,519 |
| Percent of total expenses | 51.85% | 7.45% | 10.70% | 1.26% | 0.46% | 25.68% | 0.83% | 0.00% | 98.23% | 1.71% | 0.06% | 100.00% |

**Community Alliance
Community Housing Alternatives Corporation
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2014 and 2013**

| | Program Services | | | Support Services | | | 2014 | | | Program Services | | | Support Services | | 2013 | |
|----------------------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|------------------|-----------------|-------------------|------------------|--------------|-------------------|----|
| | Rental | Home Ownership | | Mgmt & General | Fund Raising | Total | Rental | Home Ownership | | Mgmt & General | Fund Raising | Program Total | Mgmt & General | Fund Raising | Total As Restated | |
| | | \$ | % | | | | | \$ | % | | | | | | | \$ |
| Acq/rehab cost overrun | - | - | \$ 188,332 | - | - | \$ 188,332 | \$ | 5,694 | \$ 20,376 | - | \$ 20,376 | \$ | - | \$ 20,376 | | |
| Administration fees | - | - | - | - | - | - | - | - | 10,250 | 6,833 | - | - | - | 22,777 | | |
| Bank fees | 10 | - | 10 | 21 | 31 | 31 | - | - | - | 68 | - | - | - | 68 | | |
| Contributed services | - | - | - | 2,583 | 2,583 | 2,583 | - | - | - | 2,083 | - | - | 3,000 | 5,083 | | |
| Depreciation | 21,675 | - | 21,675 | 17 | 21,692 | 21,692 | 21,809 | - | - | 272 | - | - | - | 22,081 | | |
| Downpayment assistance | - | - | 15,592 | - | 15,592 | 15,592 | - | 13,833 | - | - | 13,833 | - | - | 13,833 | | |
| Dues and subscriptions | - | - | 25 | - | 25 | 25 | - | - | - | - | - | - | - | - | | |
| Insurance | - | - | - | 5,452 | 5,452 | 5,452 | 575 | - | - | 7,485 | - | - | - | 8,060 | | |
| Inspections | 753 | - | 78 | - | 878 | 878 | - | - | - | - | - | - | - | - | | |
| Interest and penalties | 5,638 | - | 5,638 | 3,015 | 8,653 | 8,653 | 5,694 | - | - | 2,581 | - | - | - | 8,275 | | |
| Labor costs | 11,250 | - | 31,500 | 13,500 | 45,000 | 45,000 | 11,250 | 20,250 | 13,500 | 13,500 | - | - | - | 45,000 | | |
| Licenses and fees | 20 | - | 20 | - | 20 | 20 | - | - | 30 | - | - | - | - | 30 | | |
| Other program expense | - | - | 22,140 | 903 | 23,043 | 23,043 | - | 21,693 | - | - | 21,693 | - | - | 21,693 | | |
| Professional fees - accounting | - | - | - | 7,860 | 7,860 | 7,860 | - | - | - | 1,298 | - | - | - | 1,298 | | |
| Professional fees - consulting | - | - | - | 1,249 | 1,249 | 1,249 | - | - | - | 672 | - | - | - | 672 | | |
| Property taxes | 2,987 | - | 2,987 | - | 2,987 | 2,987 | 2,935 | - | - | - | 2,935 | - | - | 2,935 | | |
| Rent and storage | - | - | - | 667 | 667 | 667 | - | - | - | 640 | - | - | - | 640 | | |
| Repairs and maintenance | 11,522 | - | 11,522 | 1,167 | 12,689 | 12,689 | 10,701 | - | - | 2,504 | - | - | - | 13,205 | | |
| Supplies | 413 | - | 413 | - | 413 | 413 | 45 | - | - | - | 45 | - | - | 45 | | |
| Utilities | 3,384 | - | 3,384 | - | 3,384 | 3,384 | 3,489 | - | - | 1 | - | - | - | 3,490 | | |
| Workshops and meetings | - | - | - | 115 | 115 | 115 | - | - | - | 450 | - | - | - | 450 | | |
| Total expenses | \$ 57,652 | \$ 246,464 | \$ 304,116 | \$ 36,549 | \$ 340,665 | \$ 340,665 | \$ 62,192 | \$ 86,402 | \$ 148,594 | \$ 38,417 | \$ 3,000 | \$ 190,011 | | | | |
| Percent of total expenses | 16.92% | 72.35% | 89.27% | 10.73% | 100.00% | 100.00% | 32.73% | 45.47% | 78.20% | 20.22% | 1.58% | 100.00% | | | | |

Community Alliance
Glendale Nonprofit Housing Corporation
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2014 and 2013

| | Program Services | | Support Services | | 2014 Total | Program Services | | Support Services | | 2013 Total As Restated |
|----------------------------------|------------------|-----------------|------------------|--------------|------------------|------------------|----------------|------------------|------------------|------------------------|
| | Rental | | Mgmt & General | Fund Raising | | Rental | Mgmt & General | Fund Raising | | |
| Bad Debt | \$ 499 | \$ - | \$ - | \$ - | \$ 499 | \$ - | \$ - | \$ - | \$ - | |
| Bank fees | - | 423 | - | - | 423 | 1,236 | - | - | 1,236 | |
| Depreciation | 11,727 | - | - | - | 11,727 | 11,727 | - | - | 11,727 | |
| Inspections | 200 | - | - | - | 200 | - | - | - | - | |
| Insurance | - | - | - | - | - | 731 | - | - | 731 | |
| Interest and penalties | 50 | - | - | - | 50 | 577 | - | - | 577 | |
| Licenses and fees | - | - | - | - | - | 20 | - | - | 20 | |
| Other program expense | - | - | - | - | - | 1,508 | - | - | 1,508 | |
| Professional fees - accounting | - | 7,485 | - | - | 7,485 | 3,576 | - | - | 3,576 | |
| Professional fees - legal | - | - | - | - | - | 221 | - | - | 221 | |
| Professional fees - consulting | - | 1,249 | - | - | 1,249 | - | - | - | - | |
| Property taxes | 4 | - | - | - | 4 | 4 | - | - | 4 | |
| Repairs and maintenance | 5,221 | - | - | - | 5,221 | 8,584 | - | - | 8,584 | |
| Supplies | 275 | - | - | - | 275 | - | - | - | - | |
| Utilities | 3,784 | 84 | - | - | 3,868 | 4,048 | - | - | 4,048 | |
| Total expenses | \$ 21,760 | \$ 9,241 | \$ - | \$ - | \$ 31,001 | \$ 32,232 | \$ - | \$ - | \$ 32,232 | |
| Percent of total expenses | 70.19% | 29.81% | 0.00% | 0.00% | 100.00% | 100.00% | 0.00% | 0.00% | 100.00% | |