

Community Alliance
Audited Financial Statements
September 30, 2013 and 2012

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 - 19
Supplemental Information	
Schedules of Functional Expenses for Program and Support Services Community Residence Corporation	20
Schedules of Functional Expenses for Program and Support Services Community Living Network	21
Schedules of Functional Expenses for Program and Support Services Community Housing Alternatives Corporation	22
Schedules of Functional Expenses for Program and Support Services Glendale Nonprofit Housing Corporation	23

CURTIS, BAILEY, EXELBY & SPOSITO, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

2320 WASHTENAW AVE
ANN ARBOR, MI 48104

TEL (734) 663-7492
FAX (734) 663-0217

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, 2013 and 2012, 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 of 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, 2013 and 2012, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses by agency on pages 20 through 23 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 21, 2014

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
Assets						
Current assets						
Cash and cash equivalents						
General	\$ 15,593	\$ 79,511	\$ 27,836	\$ 5,532	\$ -	\$ 128,472
Savings	-	-	4,316	2,399	-	6,715
Restricted cash (Note 14)	-	-	38,181	-	-	38,181
Total cash and cash equivalents	15,593	79,511	70,333	7,931	-	173,368
Accounts receivable	236,246	701,063	10,980	1,219	-	949,508
Open grants receivable	-	-	439,288	-	-	439,288
Insurance receivable	3,879	-	-	-	-	3,879
Due from related organization	101,018	-	-	-	(101,018)	-
Prepaid expenses	12,659	11,109	-	-	-	23,768
Escrow	-	-	-	4,118	-	4,118
Security deposits	1,850	-	-	-	-	1,850
Total current assets	371,245	791,683	520,601	13,268	(101,018)	1,595,779
Property and equipment, net (Note 5)	53,314	355,939	478,823	336,689	-	1,224,765
Total assets	<u>\$ 424,559</u>	<u>\$1,147,622</u>	<u>\$ 999,424</u>	<u>\$ 349,957</u>	<u>\$ (101,018)</u>	<u>\$ 2,820,544</u>
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 19,047	\$ 10,553	\$ 9,938	\$ 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
WCHO adult waiver 2013	-	58,066	-	-	-	58,066
Due to related organization	-	41,195	59,823	-	(101,018)	-
Deferred revenue	126,362	311,262	439,288	-	-	876,912
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	801,511	534,687	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)	-	-	414,445	468,008	-	882,453
Total long-term liabilities	10,650	175,543	508,963	468,008	-	1,163,164
Total liabilities	\$ 300,511	\$ 977,054	\$ 1,043,650	\$ 470,285	\$ (101,018)	\$ 2,690,482
Net assets						
Unrestricted net assets (deficiency)	124,048	170,568	(82,407)	(120,328)	-	91,881
Temporarily restricted net assets (Note 14)	-	-	38,181	-	-	38,181
Total net assets	124,048	170,568	(44,226)	(120,328)	-	130,062
Total liabilities and net assets	<u>\$ 424,559</u>	<u>\$1,147,622</u>	<u>\$ 999,424</u>	<u>\$ 349,957</u>	<u>\$ (101,018)</u>	<u>\$ 2,820,544</u>

See accompanying notes.

Community Alliance
Statements of Financial Position
September 30, 2012

	Community Residence Corporation	Community Living Network	Community Housing Alternatives Corporation	Glendale Nonprofit Housing Corporation	Consolidating Entries	2012 Consolidated Total
Assets						
Current assets						
Cash and cash equivalents						
General	\$ 13,332	\$ 123,225	\$ 11,105	\$ 5,984	\$ -	\$ 153,646
Savings	-	-	3,829	3,006	-	6,835
Restricted cash (Note 14)	-	-	69,438	-	-	69,438
Total cash and cash equivalents	13,332	123,225	84,372	8,990	-	229,919
Accounts receivable	235,029	587,347	20,133	-	-	842,509
Open grants receivable	-	-	448,812	-	-	448,812
Insurance receivable	-	-	-	-	-	-
Due from related organization	138,302	299,634	13,184	48,797	(499,917)	-
Prepaid expenses	(4)	4,170	-	348	-	4,514
Escrow	-	-	-	5,489	-	5,489
Security deposits	1,850	-	-	-	-	1,850
Total current assets	388,509	1,014,376	566,501	63,624	(499,917)	1,533,093
Property and equipment, net (Note 5)	43,520	362,093	500,904	348,416	-	1,254,933
Total assets	<u>\$ 432,029</u>	<u>\$ 1,376,469</u>	<u>\$ 1,067,405</u>	<u>\$ 412,040</u>	<u>\$ (499,917)</u>	<u>\$ 2,788,026</u>
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 25,206	\$ 5,238	\$ 18,769	\$ 270	\$ -	\$ 49,483
Accrued payroll	116,566	205,492	-	-	-	322,058
Accrued interest	-	1,295	477	-	-	1,772
Security deposits	-	-	5,546	2,473	-	8,019
Due to related organization	299,634	46,395	140,704	13,184	(499,917)	-
Deferred revenue	122,038	311,262	448,812	-	-	882,112
Line of credit (Note 8)	-	-	22,129	-	-	22,129
Current portion of long-term debt	14,482	20,905	2,579	-	-	37,966
Total current liabilities	577,926	590,587	639,016	15,927	(499,917)	1,323,539
Long-term liabilities						
Long-term debt (Note 9)	19,862	196,539	97,027	-	-	313,428
Refundable advances (Note 6)	-	-	419,975	468,008	-	887,983
Total long-term liabilities	19,862	196,539	517,002	468,008	-	1,201,411
Total liabilities	<u>\$ 597,788</u>	<u>\$ 787,126</u>	<u>\$ 1,156,018</u>	<u>\$ 483,935</u>	<u>\$ (499,917)</u>	<u>\$ 2,524,950</u>
Net assets						
Unrestricted net assets (deficiency)	(165,759)	589,343	(158,051)	(71,895)	-	193,638
Temporarily restricted net assets (Note 14)	-	-	69,438	-	-	69,438
Total net assets	(165,759)	589,343	(88,613)	(71,895)	-	263,076
Total liabilities and net assets	<u>\$ 432,029</u>	<u>\$ 1,376,469</u>	<u>\$ 1,067,405</u>	<u>\$ 412,040</u>	<u>\$ (499,917)</u>	<u>\$ 2,788,026</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
Unrestricted net assets						
Support						
Government grants	\$ -	\$ -	\$ 78,156	\$ -	\$ -	\$ 78,156
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	91,879	-	-	120,732
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
Total intermediary services	-	4,604,512	-	-	-	4,604,512
Supported living	1,615,194	-	-	-	-	1,615,194
Homes	278,900	-	-	-	-	278,900
Rent	-	-	47,686	26,312	-	73,998
Management fees	225,910	225,910	-	-	(225,910)	225,910
Other program revenue	91,245	(14,149)	-	3,043	-	80,139
Total program revenue	2,211,249	4,816,273	47,686	29,355	(225,910)	6,878,653
Total support and program revenue	2,234,379	4,821,996	139,565	29,355	(225,910)	6,999,385
Other revenue						
Miscellaneous	26,018	36,525	-	-	-	62,543
Interest	19	77	-	298	-	394
Gain/(Loss) on the sale of fixed assets	1,029	-	-	-	-	1,029
Total other revenue	27,066	36,602	-	298	-	63,966
Reclassifications (Note 14)						
Total revenue and reclassifications	2,261,445	4,858,598	170,822	29,653	(225,910)	7,094,608
Expenses						
Program services						
Rental	-	-	62,128	32,232	-	94,360
Home ownership	-	-	64,709	-	-	64,709
Supported living	1,703,311	-	-	-	-	1,703,311
Intermediary services	-	4,762,453	-	-	(225,910)	4,536,543
Total program services	1,703,311	4,762,453	126,837	32,232	(225,910)	6,398,923
Support services						
Management and general	628,244	82,585	60,174	-	-	771,003
Fundraising	20,439	3,000	3,000	-	-	26,439
Total expenses	2,351,994	4,848,038	190,011	32,232	(225,910)	7,196,365
Increase (decrease) before intercompany writeoffs	(90,549)	10,560	(19,189)	(2,579)	-	(101,757)
Gain (Loss) from writeoff of intercompany receivable/payable	380,356	(429,335)	94,833	(45,854)	-	-
Increase (decrease) in unrestricted net assets	289,807	(418,775)	75,644	(48,433)	-	(101,757)
Increase (decrease) in temporarily restricted net assets (Note 14)	-	-	(31,257)	-	-	(31,257)
Increase (decrease) in net assets	289,807	(418,775)	44,387	(48,433)	-	(133,014)
Net assets at beginning of year	(165,759)	589,343	(88,613)	(71,895)	-	263,076
Net assets at end of year	\$ 124,048	\$ 170,568	\$ (44,226)	\$ (120,328)	\$ -	\$ 130,062

See accompanying notes.

**Community Alliance
Statement of Activities
For the Year Ended September 30, 2012**

	Community Residence Corporation	Community Living Network	Community Housing Alternatives Corporation	Glendale Nonprofit Housing Corporation	Consolidating Entries	2012 Consolidated Total
Unrestricted net assets						
Support						
Government grants	\$ -	\$ -	\$ 298,074	\$ -	\$ -	\$ 298,074
Direct public support	23,460	-	-	-	-	23,460
Contributions in-kind	32,654	32,654	32,654	-	-	97,962
Total support	56,114	32,654	330,728	-	-	419,496
Program revenue						
Intermediary services:						
Washtenaw	-	2,064,104	-	-	-	2,064,104
Macomb	-	278,303	-	-	-	278,303
Livingston	-	570,045	-	-	-	570,045
St. Clair	-	68,444	-	-	-	68,444
Hillsdale	-	68,823	-	-	-	68,823
Clinton - Eaton - Ingham	-	597,972	-	-	-	597,972
Guidance Center	-	36,548	-	-	-	36,548
Total intermediary services	-	3,684,239	-	-	-	3,684,239
Supported living	1,587,872	-	-	-	-	1,587,872
Homes	283,826	-	-	-	-	283,826
Rent	-	-	38,997	26,584	-	65,581
Management fees	170,535	170,535	-	-	(170,535)	170,535
Other program revenue	204,534	-	1	-	-	204,535
Total program revenue	2,246,767	3,854,774	38,998	26,584	(170,535)	5,996,588
Total support and program revenue	2,302,881	3,887,428	369,726	26,584	(170,535)	6,416,084
Other revenue						
Miscellaneous	4,538	3,063	337	-	-	7,938
Interest	63	149	-	42	-	254
Gain/(Loss) on the sale of fixed assets	-	-	-	-	-	-
Total other revenue	4,601	3,212	337	42	-	8,192
Reclassifications (Note 14)	-	-	(42,140)	-	-	(42,140)
Total revenue and reclassifications	2,307,482	3,890,640	327,923	26,626	(170,535)	6,382,136
Expenses						
Program services						
Rental	-	-	83,130	40,767	-	123,897
Home ownership	-	-	237,943	-	-	237,943
Supported living	1,648,151	-	-	-	-	1,648,151
Intermediary services	-	3,632,544	-	-	(170,535)	3,462,009
Total program services	1,648,151	3,632,544	321,073	40,767	(170,535)	5,472,000
Support services						
Management and general	651,924	80,060	64,703	-	-	796,687
Fundraising	41,303	23,065	22,666	-	-	87,034
Total expenses	2,341,378	3,735,669	408,442	40,767	(170,535)	6,355,721
Increase (decrease) in unrestricted net assets	(33,896)	154,971	(80,519)	(14,141)	-	26,415
Increase (decrease) in temporarily restricted net assets (Note 14)	-	-	42,140	-	-	42,140
Increase (decrease) in net assets	(33,896)	154,971	(38,379)	(14,141)	-	68,555
Net assets at beginning of year	(131,863)	434,372	(50,234)	(57,754)	-	194,521
Net assets at end of year	<u>\$ (165,759)</u>	<u>\$ 589,343</u>	<u>\$ (88,613)</u>	<u>\$ (71,895)</u>	<u>\$ -</u>	<u>\$ 263,076</u>

See accompanying notes.

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

	Program Services				Support Services		2013 Total
	Home	Intermediary	Program	Mgmt &	Fund	Total	
	Rental	Supported Living	Services	General	Raising		
Acq/rehab cost overrun	\$ -	\$ 20,376	\$ -	\$ 20,376	\$ -	\$ -	\$ 20,376
Administration fees	5,694	10,250	-	15,944	6,833	-	22,777
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	-	1,485	-	1,485	(109)	-	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
Dues & subscriptions	-	110	-	110	14,415	-	14,525
Entertainment & 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	-	-	54,984	54,984	(259)	-	54,725
Information technology	-	6,872	-	6,872	21,205	-	28,077
Insurance	1,306	25,776	-	27,082	98,091	-	125,173
Interest & penalties	6,271	-	-	6,271	28,634	-	34,905
Labor costs	11,250	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
Miscellaneous	1,444	526	-	1,970	28,391	-	30,361
Physical examinations	-	2,640	-	2,640	341	-	2,981
Postage and shipping	-	9	-	9	7,477	-	7,486
Professional fees - accounting	3,576	-	-	3,576	28,114	-	31,690
Professional fees - legal	221	-	-	221	5,286	-	5,507
Professional fees - other	-	125	-	125	1,072	-	1,197
Property taxes	2,939	-	-	2,939	5,400	-	8,339
Rent & 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	13,489	-	23,750
Supported employment	-	-	14,700	14,700	-	-	14,700
Transportation	-	46,247	1,875	48,122	(143)	-	47,979
Utilities	7,537	10,678	-	18,215	16,886	-	35,101
Workers comp insurance	-	-	169,505	169,505	2,331	-	171,836
Workshops and meetings	-	5,537	1,963	7,500	8,743	-	16,243
Total expenses	\$ 94,360	\$ 1,703,311	\$ 4,536,543	\$ 6,398,923	\$ 771,003	\$ 26,439	\$ 7,196,365
Percent of total expenses	1.31%	23.67%	63.04%	88.92%	10.71%	0.37%	100.00%

See accompanying notes.

Community Alliance
Statements of Functional Expenses for Program and Support Services
For the Year Ended September 30, 2012

	Program Services				Support Services		2012 Total	
	Rental	Home Ownership	Supported Living	Intermediary Services	Program Total	Mgmt & General		Fund Raising
Acq/rehab cost overrun	\$ -	\$ 197,418	\$ -	\$ -	\$ 197,418	\$ -	\$ -	\$ 197,418
Administration fees	5,694	10,250	-	-	15,944	6,833	-	22,777
Advertising	-	-	-	-	-	2	8,183	8,185
Background checks	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	26,995	-	26,995
Bank fees	1,593	-	-	-	1,593	748	-	2,341
Client services	-	-	-	5,266	5,266	-	-	5,266
Contract hours	-	-	-	-	-	-	-	-
Contributed services	-	-	-	-	-	29,962	68,000	97,962
D&O insurance	-	-	-	-	-	10,632	-	10,632
Depreciation	33,537	-	12,078	-	45,615	16,306	-	61,921
Downpayment assistance	-	10,000	-	-	10,000	-	-	10,000
Dues & subscriptions	-	-	-	-	-	15,191	-	15,191
Entertainment & food	-	-	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	9,203	-	9,203
Fundraising	-	-	-	-	-	-	-	-
Groceries	-	-	-	-	-	-	-	-
Home services/personal care	-	-	-	56,676	56,676	-	-	56,676
Information technology	-	-	-	-	-	-	-	-
Insurance	7,643	-	38,240	-	45,883	111,938	-	157,821
Interest & penalties	6,147	-	-	-	6,147	19,196	-	25,343
Labor costs	11,250	20,250	1,452,533	3,270,383	4,754,416	394,499	-	5,148,915
Licenses and fees	-	25	7	-	32	35	-	67
Medication	-	-	-	-	-	-	-	-
Miscellaneous	6,571	-	31,937	-	38,508	23,022	10,851	72,381
Physical examinations	-	-	-	-	-	-	-	-
Postage and shipping	1	-	-	-	1	4,905	-	4,906
Professional fees - accounting	5,766	-	-	-	5,766	31,814	-	37,580
Professional fees - legal	945	-	-	-	945	3,975	-	4,920
Professional fees - other	-	-	1,814	-	1,814	3,919	-	5,733
Property taxes	2,968	-	-	-	2,968	5,818	-	8,786
Rent & storage	-	-	24,969	-	24,969	-	-	24,969
Repairs and maintenance	32,955	-	1,264	-	34,219	25,681	-	59,900
Respite care	-	-	-	17,231	17,231	-	-	17,231
Staff meals	-	-	-	-	-	-	-	-
Supplies	949	-	15,814	166	16,929	18,454	-	35,383
Supported employment	-	-	-	-	-	-	-	-
Transportation	-	-	44,464	8,447	52,911	1	-	52,912
Utilities	7,878	-	15,621	-	23,499	16,428	-	39,927
Workers comp insurance	-	-	-	101,860	101,860	-	-	101,860
Workshops and meetings	-	-	9,410	1,980	11,390	21,130	-	32,520
Total expenses	\$ 123,897	\$ 237,943	\$ 1,648,151	\$ 3,462,009	\$ 5,472,000	\$ 796,687	\$ 87,034	\$ 6,355,721
Percent of total expenses	1.95%	3.74%	25.93%	54.48%	86.10%	12.53%	1.37%	100.00%

See accompanying notes.

Community Alliance
Statements of Cash Flows
For the Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (133,014)	\$ 68,555
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities		
Depreciation	65,913	61,921
Gain on the sale of fixed assets	(1,029)	-
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(106,999)	(299,641)
Open grants receivable	9,524	-
Insurance receivable	(3,879)	-
Unbilled contracts	-	(131,852)
Notes receivable	-	1,796
Prepaid expenses	(19,254)	5,880
Escrow	1,371	732
Increase (decrease) in		
Accounts payable	(9,795)	8,440
Accrued payroll	5,903	87,314
Accrued interest	(689)	1,241
Security deposits	(450)	1,043
WCHO Choice Voucher	58,066	-
Deferred revenue	(5,200)	249,113
Net cash provided (used) by operations	(139,532)	54,542
Cash flows from investing activities		
Purchases of property and equipment	(38,595)	(1,888)
Sales of property and equipment	3,879	-
Net cash provided (used) by investing activities	(34,716)	(1,888)
Cash flows from financing activities		
Proceeds from line of credit	1,250,078	556,579
Proceeds from long-term debt	7,034	-
Repayments of line of credit	(1,094,997)	(559,940)
Repayments of long-term debt	(38,888)	(35,731)
Increase (decrease) in refundable advances	(5,530)	(5,530)
Net cash provided (used) by financing activities	117,697	(44,622)
Net increase (decrease) in cash and cash equivalents	(56,551)	8,032
Beginning cash and cash equivalents	229,919	221,887
Ending cash and cash equivalents	\$ 173,368	\$ 229,919
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 35,594	\$ 24,102
Noncash investing and financing		
Vehicle purchased with loan	\$ 7,034	\$ -

See accompanying notes.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2013 and 2012

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, 2013 and 2012

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 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, 2013 and 2012

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, 2013 and 2012

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 21, 2014, 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, 2013 and 2012, cash balances did not exceed FDIC insurance limits.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2013 and 2012

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, 2013 and 2012:

	2013				
	<u>CRC</u>	<u>CLN</u>	<u>CHA</u>	<u>GNH</u>	<u>Total</u>
Washtenaw County	\$1,733,629	\$2,401,483	\$ 71,550	\$ -	\$ 4,206,662
Clinton, Eaton & Ingham	-	1,370,517	-	-	\$ 1,370,517
Other	274,840	1,049,996	68,015	29,355	1,422,206
Total	<u>\$2,008,469</u>	<u>\$4,821,996</u>	<u>\$ 139,565</u>	<u>\$ 29,355</u>	<u>\$ 6,999,385</u>
	2012				
	<u>CRC</u>	<u>CLN</u>	<u>CHA</u>	<u>GNH</u>	<u>Total</u>
Washtenaw County	\$1,729,049	\$2,139,079	\$ 290,793	\$ -	\$ 4,158,921
Other	403,297	1,748,349	78,933	26,584	2,257,163
Total	<u>\$2,132,346</u>	<u>\$3,887,428</u>	<u>\$ 369,726</u>	<u>\$ 26,584</u>	<u>\$ 6,416,084</u>

Receivable balances due from funding sources equal to or greater than 20% of total receivables for the years ended September 30, 2013 and 2012 are as follows:

	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	89,814	450,937	10,980	1,219	552,950
Total	<u>\$ 236,246</u>	<u>\$ 701,063</u>	<u>\$ 10,980</u>	<u>\$ 1,219</u>	<u>\$ 949,508</u>
	2012				
	<u>CRC</u>	<u>CLN</u>	<u>CHA</u>	<u>GNH</u>	<u>Total</u>
Washtenaw County	\$ 188,745	\$ 219,843	\$ 7,000	\$ -	\$ 415,588
Clinton, Eaton & Ingham	-	168,760	-	-	168,760
Other	46,284	198,744	13,133	-	258,161
Total	<u>\$ 235,029</u>	<u>\$ 587,347</u>	<u>\$ 20,133</u>	<u>\$ -</u>	<u>\$ 842,509</u>

Note 5 - Property and Equipment

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

	<u>Life</u>	2013				
		<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	157,746	-	-	-	157,746
Total property and equip		<u>\$ 191,541</u>	<u>\$ 445,148</u>	<u>\$ 749,865</u>	<u>\$456,759</u>	<u>\$ 1,843,313</u>
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>

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2013 and 2012

Note 5 - Property and Equipment (continued)

The components of property and equipment at September 30, 2012 are as follows:

	Life	2012				Total
		CRC	CLN	CHA	GNH	
Buildings & Imprvmts	5-40	\$ -	\$ 419,678	\$ 678,692	\$ 408,855	\$ 1,507,225
Land	NA	-	18,825	47,300	46,754	112,879
Equipment	5-7	29,785	-	23,873	1,150	54,808
Vehicles	5	132,807	-	-	-	132,807
Total property and equip		162,592	438,503	749,865	456,759	1,807,719
Less accum deprec		119,072	76,410	248,961	108,343	552,786
Net property and equip		<u>\$ 43,520</u>	<u>\$ 362,093</u>	<u>\$ 500,904</u>	<u>\$ 348,416</u>	<u>\$ 1,254,933</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 10, 15, and 15 year period of affordability, respectively. 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, 2013:

Grantor / Property	Date	CHA	GNH	2013
Washtenaw County				
1911/1913 Dexter	3/22/2001	\$ 17,000	\$ -	\$ 17,000
3920 Cochran (\$35,000)	8/29/2003	875	-	875
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		60,345	50,000	110,345
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>\$ 414,445</u>	<u>\$ 468,008</u>	<u>\$ 882,453</u>

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2013 and 2012

Note 6 - Refundable Advances (continued)

The following schedule details current refundable advances for the year ended September 30, 2012:

<u>Grantor / Property</u>	<u>Date</u>	<u>CHA</u>	<u>GNH</u>	<u>2012</u>
Washtenaw County				
1911/1913 Dexter	3/22/2001	\$ 17,000	\$ -	\$ 17,000
3920 Cochran (\$35,000)	8/29/2003	4,375	-	4,375
3920 Cochran (\$6,000)	8/17/2005	3,200	-	3,200
3920 Cochran (\$24,450)	6/4/2007	16,300	-	16,300
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>65,875</u>	<u>50,000</u>	<u>115,875</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>\$ 419,975</u>	<u>\$ 468,008</u>	<u>\$ 887,983</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. The Executive Director's sister is a member of the CHA Board of Directors. The former CEO's brother managed the telephone and alarm system contracts for the organization. The total paid to this brother was \$7,932 for the year ended September 30, 2013.

Note 8 - Bank Line of Credit

CHA has a \$41,125 Business Visa account with Fifth Third Bank. The interest rate was 29.99% and 5.24% at September 30, 2013 and 2012. The balance on the Business Visa was \$17,210 and \$22,129 at September 30, 2013 and 2012, respectively.

CLN has a \$200,000 line of credit with Ann Arbor State Bank. The interest rate was 6.0% at September 30, 2013. The balance on the line of credit was \$160,000 at September 30, 2013.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2013 and 2012

Note 9 - Long-term Debt

Long-term debt consisted of the following at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</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 \$118,033.	\$ 97,027	\$ 99,606
Note payable to Ford Motor Credit, monthly payments of \$621 including including interest at 11.19%, matures May 2014, secured by a vehicle with a book value of \$5,269.	3,590	10,215
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 \$18,107.	16,420	24,129
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 \$10,169.	5,275	-
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 \$355,939.	<u>197,228</u>	<u>217,444</u>
Total long-term debt	319,540	351,394
Less current portion	38,829	37,966
Long-term portion	<u>\$ 280,711</u>	<u>\$ 313,428</u>

Maturities of long-term debt are as follows:

Year ended September 30, 2014	\$ 38,829
2015	36,795
2016	27,997
2017	130,601
2018	3,435
Thereafter	<u>81,883</u>
Total long-term debt	<u>\$ 319,540</u>

Note 10 - Donated Services

Community Alliance received donated advertising of \$9,000 and \$68,000 for the years ended September 30, 2013 and 2012, respectively. In addition, it received \$6,250 and \$29,962 in donated auditing service for the years ended September 30, 2013 and September 30, 2012.

Note 11 - Operating Leases

CRC leases a vehicle for use at the various group homes for the programs they operate for a total of \$679 per month, with an expiring term of June 28 2014. Lease expense included in the operations for the years ended September 30, 2013 and 2012 was \$4,851 and \$8,151, respectively.

CRC also 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 included in the operations for the above equipment for the years ended September 30, 2013 and 2012 was \$7,308 and \$5,733, respectively.

Community Alliance
Notes to the Financial Statements
For the Years Ended September 30, 2013 and 2012

Note 11 - Operating Leases (continued)

The following is a schedule of future minimum lease payments:

Year ended September 30, 2014	\$ 8,937
2015	5,793
2016	1,385
2017	985
2018	738
Thereafter	-
Total	17,838

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.

Vehicle Return - CRC has purchased vehicle equipment under a cost reimbursement contract with the State of Michigan. Cancellation of this contract would require the return of these vehicles to the state, subject to underlying loans.

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, 2012, LDHA LTD had \$2,415,335 in assets and \$1,755,467 in liabilities. The LLC's share of the net assets of LDHA LTD on December 31, 2012 was \$660, representing 0.1% of capital. The LLC's share of the recourse debt obligations of LDHA LTD at December 31, 2012 was \$543,324.

Note 13 - Impairment

Real estate assets in Southeast Michigan have experienced a sudden and 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 have decreased and 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, 2013 and 2012

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, 2013 and 2012 consisted of the following:

	2013	2012
Restricted amounts received	\$ 30,533	\$ 305,922
Released from restriction	(61,790)	(263,782)
Net increase (decrease)	(31,257)	42,140
Beginning balance October 1	69,438	27,298
Ending balance September 30	\$ 38,181	\$ 69,438

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, with no cumulative effect adjustment required. 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, 2013 and 2012.

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, 2013.

Note 16 - Subsequent Events

On December 6, 2013, CRC entered into a purchase agreement for a used vehicle. The total amount financed was \$25,373.

**SUPPLEMENTAL
INFORMATION**

Community Alliance
Community Residence Corporation
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2013 and 2012

	Program Services				Support Services				Program Services				Support Services			
	Supported Living	Homes	Other Program Expenses	Program Total	Mgmt & General	Fund Raising	2013 Total	Supported Living	Homes	Other Program Expenses	Program Total	Mgmt & General	Fund Raising	2012 Total		
Advertising	-	-	-	-	-	4,937	-	-	-	-	-	-	7,785	7,785		
Background checks	-	-	-	-	286	286	-	-	-	-	-	-	-	-		
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Bank fees	3	-	-	3	1,256	1,259	-	-	-	-	-	-	-	-		
Client services	1,906	1,047	-	2,953	582	3,535	-	-	-	-	-	-	135	135		
Contract hours	1,256	229	-	1,485	(109)	1,376	-	-	-	-	-	-	-	-		
Contributed services	-	-	-	-	2,083	2,083	-	-	-	-	-	-	-	-		
D&O insurance	-	-	-	-	7,541	7,541	-	-	-	-	-	-	22,667	22,667		
Depreciation	16,213	-	-	16,213	3,093	19,306	12,078	12,078	-	-	-	-	-	-		
Dues & subscriptions	-	110	-	110	14,415	14,525	-	-	-	-	-	-	-	-		
Entertainment & food	59	115	-	174	2,545	2,719	-	-	-	-	-	-	-	-		
Equipment rental	-	-	-	-	7,308	7,308	-	-	-	-	-	-	-	-		
Fundraising	8	-	-	8	-	15,510	-	-	-	-	-	-	-	-		
Groceries	453	272	-	725	15	740	-	-	-	-	-	-	-	-		
Information technology	3,595	3,271	-	6,872	21,205	28,077	34,706	34,706	-	-	-	-	-	-		
Insurance	24,062	1,714	-	25,776	90,606	116,382	-	-	-	3,534	106,144	-	-	144,384		
Interest & penalties	-	-	-	-	2,839	2,839	-	-	-	-	669	-	-	669		
Labor costs	1,302,385	254,800	962	1,558,147	396,283	1,954,430	1,230,686	1,230,686	221,847	1,452,533	358,150	-	-	1,810,683		
Licenses & fees	-	25	-	25	206	231	7	7	-	7	25	-	-	32		
Medication	-	912	-	912	-	912	-	-	-	-	-	-	-	-		
Miscellaneous	475	51	-	526	7,656	8,182	31,065	31,065	872	31,937	9,302	-	-	41,239		
Physical examination	2,095	545	-	2,640	341	2,981	-	-	-	-	4,905	-	-	4,905		
Postage and shipping	-	9	-	9	7,477	7,486	-	-	-	-	14,324	-	-	14,324		
Professional fees - accounting	-	-	-	-	12,514	12,514	-	-	-	-	3,975	-	-	3,975		
Professional fees - legal	-	-	-	-	4,369	4,369	-	-	-	-	3,663	-	-	3,663		
Professional fees - other	-	125	-	125	400	525	1,616	1,616	198	1,814	17,600	-	-	19,414		
Rent & storage	10,568	-	-	10,568	-	10,568	24,969	24,969	-	24,969	25,681	-	-	24,969		
Repairs and maintenance	326	2,067	-	2,393	4,983	7,376	556	556	708	1,264	25,681	-	-	26,945		
Staff meals	1,043	114	-	1,157	1,638	2,795	-	-	-	-	-	-	-	-		
Supplies	2,660	7,368	-	10,028	13,534	23,562	9,055	9,055	6,759	15,814	17,600	-	-	33,414		
Transportation	40,991	4,812	444	46,247	46,247	46,247	39,523	39,523	4,941	44,464	-	-	-	44,464		
Utilities	4,697	5,461	520	10,678	16,885	27,563	7,789	7,789	7,400	15,621	15,674	-	-	31,295		
Workshops and meetings	4,585	952	-	5,537	8,293	13,830	8,572	8,572	838	9,410	18,799	-	-	28,209		
Total expenses	\$1,417,380	\$ 284,005	\$ 1,926	\$1,703,311	\$ 628,244	\$2,351,994	\$1,400,622	\$1,400,622	\$247,097	\$1,648,151	\$651,924	\$ 41,303	\$ 41,303	\$2,341,378		
Percent of total expenses	60.26%	12.08%	0.08%	72.42%	26.71%	100.00%	59.82%	59.82%	10.55%	70.39%	27.85%	1.76%	1.76%	100.00%		

**Community Alliance
Community Living Network
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2013 and 2012**

	Program Services						Support Services				
	Intermediary Services Washnetaw	Intermediary Services Macomb	Intermediary Services Livingston	Intermediary Services St. Clair	Intermediary Services Hilldale	Intermediary Services C-E-I	Intermediary Services Guidance Cen.	2013 Program Total	Mgmt & General	Fund Raising	2013 Total
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	51,439	921	-	2,624	-	-	-	54,984	(259)	-	54,725
Home services/personal care	-	-	-	-	-	-	-	-	23,214	-	23,214
Interest & penalties	2,216,644	326,219	478,527	54,802	22,498	1,106,894	37,615	4,243,199	19,193	-	4,262,392
Labor costs	-	-	-	-	-	-	-	-	20	-	20
Licenses & fees	15	393	-	-	-	30	-	438	-	-	438
Medication	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	(1,067)	-	(1,067)
Professional fees - accounting	-	-	-	-	-	-	-	-	14,302	-	14,302
Professional fees - legal	-	-	-	-	-	-	-	-	917	-	917
Property taxes	-	-	-	-	-	-	-	-	5,400	-	5,400
Rent & storage	-	-	-	-	-	-	-	-	640	-	640
Repairs & maintenance	-	-	-	-	-	-	-	-	1,609	-	1,609
Respite care	15,342	-	-	-	-	-	-	15,342	1,160	-	16,502
Supplies	14,700	188	-	-	-	-	-	188	-	-	188
Supported employment	1,692	-	108	75	-	-	-	14,700	-	-	14,700
Transportation	90,024	13,872	17,434	1,058	-	45,677	1,440	169,505	(143)	-	171,836
Workers comp insurance	1,963	-	-	-	-	-	-	1,963	2,331	-	4,294
Workshops & meetings	-	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 2,514,039	\$ 361,032	\$ 518,652	\$ 60,857	\$ 22,498	\$ 1,245,060	\$ 40,315	\$ 4,762,453	\$ 82,585	\$ 3,000	\$ 4,848,038
Percent of total expenses	51.86%	7.45%	10.70%	1.26%	0.46%	25.68%	0.83%	98.23%	1.70%	0.06%	100.00%

	Program Services						Support Services				
	Intermediary Services Washnetaw	Intermediary Services Macomb	Intermediary Services Livingston	Intermediary Services St. Clair	Intermediary Services Hilldale	Intermediary Services C-E-I	Intermediary Services Guidance Cen.	2012 Program Total	Mgmt & General	Fund Raising	2012 Total
Administration fees	\$ 74,975	\$ 16,275	\$ 19,025	\$ 1,440	\$ -	\$ 57,665	\$ 1,155	\$ 170,535	\$ -	\$ -	\$ 170,535
Advertising	-	-	-	-	-	-	-	-	2	398	400
Bank fees	-	-	-	-	-	-	-	-	594	-	594
Client services	5,266	-	-	-	-	-	-	5,266	-	-	5,266
Contributed services	-	-	-	-	-	-	-	-	9,987	22,667	32,654
Depreciation	-	-	-	-	-	-	-	-	12,557	-	12,557
Home services/personal care	52,968	448	-	3,260	-	-	-	56,676	-	-	56,676
Interest & penalties	1,772,486	249,399	526,204	50,989	63,844	572,634	34,827	3,270,383	18,527	18,527	3,293,232
Labor costs	-	-	-	-	-	-	-	-	22,849	-	22,849
Miscellaneous	-	-	-	-	-	-	-	-	820	-	820
Professional fees - accounting	-	-	-	-	-	-	-	-	8,649	-	8,649
Professional fees - other	-	-	-	-	-	-	-	-	256	-	256
Property taxes	16,890	-	-	-	-	-	-	-	5,818	-	22,708
Respite care	75	46	15	30	341	30	21	17,231	-	-	17,231
Supplies	6,171	91	1,173	690	8,447	301	166	166	1	-	1,666
Transportation	52,748	6,851	21,809	1,215	17,701	1,536	-	101,860	-	-	101,860
Workers comp insurance	1,455	-	180	345	-	-	-	1,980	-	-	1,980
Workshops & meetings	-	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 1,983,034	\$ 273,110	\$ 568,406	\$ 57,939	\$ 63,844	\$ 648,672	\$ 37,539	\$ 3,632,544	\$ 80,060	\$ 23,065	\$ 3,735,669
Percent of total expenses	40.90%	5.63%	15.22%	1.55%	1.71%	17.36%	1.00%	97.24%	2.14%	0.62%	100.00%

Community Alliance
Community Housing Alternatives Corporation
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2013 and 2012

	Program Services				Support Services			Program Services				Support Services		2012 Total
	Rental	Home Ownership	Program Total	Mgmt & General	Fund Raising	2013 Total	Rental	Home Ownership	Program Total	Mgmt & General	Fund Raising	2012 Total		
													\$	
Acq/rehab cost overrun	-	\$ 20,376	\$ 20,376	\$ -	-	\$ 20,376	\$ -	\$ 197,418	\$ 197,418	\$ -	-	\$ 197,418		
Administration fees	5,694	10,250	15,944	6,833	-	22,777	5,694	10,250	15,944	6,833	-	22,777		
Bank fees	-	-	-	68	68	-	-	-	-	19	-	19		
Contributed services	-	-	-	2,083	3,000	5,083	-	-	-	9,988	22,666	32,654		
D&O insurance	-	-	-	-	-	-	-	-	-	1,639	-	1,639		
Depreciation	21,809	-	21,809	272	-	22,081	21,810	-	21,810	1,240	-	23,050		
Downpayment assistance	-	13,833	13,833	-	-	13,833	-	10,000	10,000	-	-	10,000		
Insurance	575	-	575	7,485	-	8,060	4,586	-	4,586	5,794	-	10,380		
Interest & penalties	5,694	-	5,694	2,581	-	8,275	6,147	-	6,147	-	-	6,147		
Labor costs	11,250	20,250	31,500	13,500	-	45,000	11,250	20,250	31,500	13,500	-	45,000		
Licenses & fees	-	-	-	30	30	-	-	25	25	10	-	35		
Miscellaneous	(64)	-	(64)	21,802	-	21,738	64	-	64	12,900	-	12,964		
Professional fees - accounting	-	-	-	1,298	-	1,298	-	-	-	8,841	-	8,841		
Professional fees - other	-	-	-	672	672	-	-	-	-	-	-	-		
Property taxes	2,935	-	2,935	-	-	2,935	2,964	-	2,964	-	-	2,964		
Rent & storage	-	-	-	640	640	-	-	-	-	-	-	-		
Repairs and maintenance	10,701	-	10,701	2,504	-	13,205	25,922	-	25,922	-	-	25,922		
Supplies	45	-	45	(45)	-	-	949	-	949	854	-	1,803		
Utilities	3,489	-	3,489	1	-	3,490	3,744	-	3,744	754	-	4,498		
Workshops & meetings	-	-	-	450	450	-	-	-	-	2,331	-	2,331		
Total expenses	\$ 62,128	\$ 64,709	\$ 126,837	\$ 60,174	\$ 3,000	\$ 190,011	\$ 83,130	\$ 237,943	\$ 321,073	\$ 64,703	\$ 22,666	\$ 408,442		
Percent of total expenses	32.70%	34.06%	66.75%	31.67%	1.58%	100.00%	20.35%	58.26%	78.61%	15.84%	5.55%	100.00%		

**Community Alliance
Glendale Nonprofit Housing Corporation
Schedules of Functional Expenses for Program and Support Services
For the Years Ended September 30, 2013 and 2012**

	Program Services		Support Services		2013		2012	
	Rental	Mgmt & General	Fund Raising	Total	Rental	Mgmt & General	Fund Raising	Total
Bank fees	1,236	-	-	1,236	1,593	-	-	1,593
Depreciation	11,727	-	-	11,727	11,727	-	-	11,727
Insurance	731	-	-	731	3,057	-	-	3,057
Interest & penalties	577	-	-	577	-	-	-	-
Licenses & fees	20	-	-	20	-	-	-	-
Miscellaneous	1,508	-	-	1,508	6,507	-	-	6,507
Postage and shipping	-	-	-	-	1	-	-	1
Professional fees - accounting	3,576	-	-	3,576	5,766	-	-	5,766
Professional fees - legal	221	-	-	221	945	-	-	945
Property taxes	4	-	-	4	4	-	-	4
Repairs & maintenance	8,584	-	-	8,584	7,033	-	-	7,033
Utilities	4,048	-	-	4,048	4,134	-	-	4,134
Total expenses	\$ 32,232	\$ -	\$ -	\$ 32,232	\$ 40,767	\$ -	\$ -	\$ 40,767
Percent of total expenses	100.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	100.00%