

FAIR HOUSING RIGHTS CENTER IN  
SOUTHEASTERN PENNSYLVANIA

---

REPORT ON REVIEW OF  
FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

## CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 9

# O'CONNELL & COMPANY LLC

Certified Public Accountants

Suite 1100  
165 Township Line Road  
Jenkintown, PA 19046

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

November 15, 2016

Board of Directors  
Fair Housing Rights Center in Southeastern Pennsylvania  
Philadelphia, Pennsylvania

We have reviewed the accompanying financial statements of Fair Housing Rights Center in Southeastern Pennsylvania (FHRC), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of FHRC's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 137,674	\$ 186,190
Grant receivable	194,458	122,072
Other receivables	5,130	-
Deposits	1,575	1,575
Prepaid expenses and other assets	<u>3,460</u>	<u>3,093</u>
<b>TOTAL ASSETS</b>	<u>\$ 342,297</u>	<u>\$ 312,930</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 3,309	\$ 18,835
Net Assets		
Unrestricted	<u>338,988</u>	<u>294,095</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 342,297</u>	<u>\$ 312,930</u>

See independent accountant's review report and notes to financial statements.

FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUE		
Grants	\$ 379,536	\$ 379,817
Complaint settlements	47,500	30,000
Workshops	-	1,000
Other income	<u>10,602</u>	<u>16,254</u>
TOTAL REVENUE	<u>437,638</u>	<u>427,071</u>
EXPENSES		
Program expense	293,493	310,787
Administrative expense	87,200	86,739
Development expense	<u>12,052</u>	<u>14,326</u>
TOTAL EXPENSES	<u>392,745</u>	<u>411,852</u>
INCREASE IN NET ASSETS	44,893	15,219
NET ASSETS - BEGINNING OF YEAR	<u>294,095</u>	<u>278,876</u>
NET ASSETS - END OF YEAR	<u>\$ 338,988</u>	<u>\$ 294,095</u>

See independent accountant's review report and notes to financial statements.

FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015				
	Program	Administrative	Development	Total	Program	Administrative	Development	Total
Personnel Expenses								
Payroll expenses	\$ 169,363	\$ 21,307	\$ 7,274	\$ 197,944	\$ 170,794	\$ 22,103	\$ 8,037	\$ 200,934
Payroll taxes	15,793	1,988	678	18,459	17,547	2,271	826	20,644
Pension plan expense	4,854	611	207	5,672	4,898	634	230	5,762
Health insurance	<u>15,135</u>	<u>1,905</u>	<u>650</u>	<u>17,690</u>	<u>13,943</u>	<u>1,804</u>	<u>656</u>	<u>16,403</u>
Total personnel expense	205,145	25,811	8,809	239,765	207,182	26,812	9,749	243,743
Advertising	1,216	152	152	1,520	9,666	1,208	1,208	12,082
Bank service charges	-	27	-	27	-	45	-	45
Conferences and meetings	500	-	-	500	2,952	-	-	2,952
Contract labor	3,894	-	-	3,894	2,982	-	-	2,982
Dues and subscriptions	2,171	-	-	2,171	2,627	-	-	2,627
Housing Fair	9,484	-	-	9,484	-	-	-	-
Insurance	-	4,284	-	4,284	-	5,678	-	5,678
Miscellaneous expenses	726	8,984	-	9,710	2,665	2,556	-	5,221
Office supplies	5,513	1,378	-	6,891	10,542	2,636	-	13,178
Payroll processing fees	-	2,367	-	2,367	-	2,129	-	2,129
Postage and delivery	622	78	77	777	812	101	101	1,014
Printing and reproduction	-	-	-	-	1,252	157	157	1,566
Professional fees	3,964	38,439	-	42,403	4,734	38,892	-	43,626
Rent	15,120	1,890	1,890	18,900	15,120	1,890	1,890	18,900
Staff training	12,501	266	-	12,767	2,848	1,014	-	3,862
Subcontractor	12,875	-	-	12,875	33,780	-	-	33,780
Supplies	3,830	479	479	4,788	4,998	625	625	6,248
Telephone	5,159	645	645	6,449	4,771	596	596	5,963
Trade Show	8,189	-	-	8,189	-	-	-	-
Travel (car fare)	2,584	-	-	2,584	3,856	-	-	3,856
Utilities	-	<u>2,400</u>	-	<u>2,400</u>	-	<u>2,400</u>	-	<u>2,400</u>
Total Expenses	<u>\$ 293,493</u>	<u>\$ 87,200</u>	<u>\$ 12,052</u>	<u>\$ 392,745</u>	<u>\$ 310,787</u>	<u>\$ 86,739</u>	<u>\$ 14,326</u>	<u>\$ 411,852</u>

See independent accountant's review report and notes to financial statements.

FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 44,893	\$ 15,219
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Changes in operating assets and liabilities		
(Increase) Decrease		
Grant receivable	(72,386)	(17,838)
Other receivables	(5,130)	-
Prepaid expenses and other assets	(367)	1,389
(Decrease) Increase		
Accounts payable and accrued expenses	<u>(15,526)</u>	<u>(2,488)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(48,516)</u>	<u>(3,718)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,516)	(3,718)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>186,190</u>	<u>189,908</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 137,674</u>	<u>\$ 186,190</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Interest capitalized	<u>\$ -</u>	<u>\$ -</u>

See independent accountant's review report and notes to financial statements.

FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

The Fair Housing Rights Center in Southeastern Pennsylvania (FHRC) is a non-profit corporation which was organized under the laws of the Commonwealth of Pennsylvania. FHRC qualifies as a tax-exempt organization under the existing provision of the Internal Revenue Code 501(c)3; accordingly, there is no income tax applicable to its activities.

FHRC's programs are designed to counsel and educate individuals about fair housing requirements and promote compliance with Fair Housing Laws. It includes education, information and outreach, homeseeker complaints, investigation and resolution and survey testing on a county-wide basis.

1 Summary of Significant Accounting Policies

Accrual Basis -- The financial statements of FHRC have been prepared on the accrual basis.

Cash and cash equivalents -- For the statements of cash flows, FHRC includes cash on deposit and cash on hand and money market funds to be cash.

Certificates of deposit -- Include certificates of deposits with original maturities greater than three months.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fixed Assets -- Fixed assets are recorded at cost. FHRC's policy is to capitalize leasehold improvements, furniture, fixtures and equipment with a unit cost of \$1,000 or more. Depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Estimated useful lives are as follows:

Leasehold improvements	6 years
Furniture, fixtures and equipment	5 - 7 years

Advertising -- FHRC follows the policy of charging the costs of advertising to expense as incurred.

Contributions -- FHRC records contributions of cash and other assets when they are received or when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair market value of the assets received and are classified as either permanently restricted, temporarily restricted or unrestricted, depending on whether the donor has imposed a restriction on the use of such assets.



FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

1 Summary of Significant Accounting Policies (Continued)

Temporarily Restricted -- FHRC reports gifts as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. FHRC reports restricted contributions as unrestricted support if the restrictions are satisfied in the same reporting period in which the contributions are received.

Income Taxes -- FHRC adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for FHRC. FHRC is no longer subject to federal and state tax examinations for the years prior to 2013.

Fair Value Measurements -- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

The three levels are defined as follows:

*Level 1* - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

*Level 2* - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument. Alternative investments fair value are based on their net asset value per unit as reported by their managers.

*Level 3* - Inputs to the valuation methodology are unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

*Market approach* - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

*Cost approach* - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

*Income approach* - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

2 Concentration of Risk

FHRC maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. FHRC has not experienced any losses in such accounts. Management believes FHRC is not exposed to any significant credit risk related to cash and cash equivalents.

3 Dependency

Grant income accounted for 84% and 89% of FHRC's revenue for the years ended June 30, 2016 and 2015, respectively.

4 Grants Receivable

In general, grants-in-aid are made available to FHRC through applications and agreements with funding agencies which might base their payments upon reimbursement of reported eligible expenses or limitations dictated by their own budget restraints. As of June 30, 2016 and 2015, amounts due to FHRC emanating from such agreements totaled \$194,458 and \$122,072, respectively. Grants receivable are expected to be collected in full during the year ended June 30, 2017.

5 Lease

FHRC entered into a five year lease for office space commencing on February 1, 2014 with monthly rent varying from \$1,575 to \$1,675. Rent expense for both of the years ended June 30, 2016 and 2015 was \$18,900.

FHRC entered into a five year lease for office equipment commencing in April 2015. The lease qualifies as an operating lease and payments are charged to expense as they are incurred. Lease expense was \$2,947 and \$2,272 for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments are as follows:

	<u>Office</u>	<u>Equipment</u>
2017	\$ 19,150	\$ 2,955
2018	19,750	2,955
2019	11,725	2,955
2020	-	2,215
	<u>\$ 50,625</u>	<u>\$ 11,080</u>

FAIR HOUSING RIGHTS CENTER IN SOUTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

6 Pension Plan

FHRC sponsors a defined contribution pension plan that covers substantially all employees who meet the plan requirements. Pension expense for both of the years ended June 30, 2016 and 2015 was \$5,672.

7 Advertising

Advertising expenses amounted to \$1,520 and \$12,082 for the years ended June 30, 2016 and 2015, respectively.

8 Compensated Absences

Employees of FHRC are entitled to paid vacations, sick days and other time off depending on length of services and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. FHRC's policy is to recognize the costs of compensated absences when paid to employees.

9 Subsequent Event

FHRC has evaluated all subsequent events through November 15, 2016, the date the financial statements were available to be issued