



Haley House, Inc. & Affiliates

Consolidated Financial Statements and
Supplementary Information

June 30, 2020



HALEY HOUSE

Kevin P. Martin & Associates, P.C.

HALEY HOUSE, INC. & AFFILIATES

Index

June 30, 2020

Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of
Haley House, Inc.

We have audited the accompanying consolidated financial statements of Haley House, Inc. (a Massachusetts not-for-profit) & Affiliates (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2020, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Organization has adopted ASU No. 2016-18, *Statement of Cash Flows - Restricted Cash* and ASU No. 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to these matters.

Emphasis of Matter - Prior Period Adjustment

As described in Note 11 to the consolidated financial statements, the Organization's June 30, 2019 net asset balances have been restated as the result of the correction of an error. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

The financial statements of the Organization as of June 30, 2019 were audited by other auditors whose report dated February 25, 2020 expressed an unmodified opinion. As discussed in Note 1 to the consolidated financial statements, the Organization has adjusted its 2019 financial statements to retrospectively apply ASU 2016-18. The other auditors reported on the financial statements before the retrospective adjustment but they have not performed any auditing procedures since the date of their report on the 2019 financial statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, except as described in the above emphasis of matter paragraph, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of supplementary information for the consolidating statement of financial position and supplementary information for the consolidating statement of activities, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Handwritten signature of Namin P. Martini in cursive script.

Braintree, Massachusetts
January 21, 2020

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Financial Position

As of June 30, 2020

With Comparative Totals as of June 30, 2019

Current Assets	2020	2019
Cash and cash equivalents	\$ 1,181,987	\$ 736,427
Restricted cash	100,091	89,178
Accounts receivable, net	27,246	65,444
Prepaid expenses	13,315	11,664
Investments	588,005	571,105
Total current assets	1,910,644	1,473,818
Fixed Assets		
Land	656,937	656,937
Buildings	4,208,940	3,879,467
Building improvements	1,555,209	1,546,459
Furnishings and equipment	374,480	354,767
Total fixed assets	6,795,566	6,437,630
Less: accumulated depreciation	(2,404,610)	(2,177,768)
Total net fixed assets	4,390,956	4,259,862
Other Assets		
Deposits	11,500	6,500
Total Assets	\$ 6,313,100	\$ 5,740,180
Current Liabilities		
Accounts payable	\$ 112,542	\$ 109,639
Accrued interest	45,284	35,289
Accrued expenses	13,395	15,091
Long term debt, current	639,835	113,744
Note payable - paycheck protection program	153,614	-
Deferred revenue	9,762	-
Total current liabilities	974,432	273,763
Long Term Liabilities		
Long term debt, net of current	2,318,015	2,912,888
Total liabilities	3,292,447	3,186,651
Net Assets		
Net assets without donor restrictions		
Board designated	108,402	108,366
Designated for single room occupancy program	726,460	685,240
Undesignated	1,983,496	1,722,228
Total net assets without donor restrictions	2,818,358	2,515,834
Net assets with donor restrictions	202,295	37,695
Total net assets	3,020,653	2,553,529
Total Liabilities and Net Assets	\$ 6,313,100	\$ 5,740,180

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Activities

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenue and Support				
Grants and contributions	\$ 1,107,798	\$ 164,600	\$ 1,272,398	\$ 811,508
Donated materials and services	129,746	-	129,746	190,985
Sale of commercial products	371,829	-	371,829	816,801
Rental	517,908	-	517,908	524,671
Management and partnership fees	337,062	-	337,062	309,841
Investment, net	15,958	-	15,958	22,889
Miscellaneous	17,344	-	17,344	9,688
Total revenue and support	2,497,645	164,600	2,662,245	2,686,383
Expenses				
Program	1,750,727	-	1,750,727	2,174,015
Administration	315,987	-	315,987	402,539
Fundraising	128,407	-	128,407	96,057
Total expenses	2,195,121	-	2,195,121	2,672,611
Change in Net Assets	302,524	164,600	467,124	13,772
Net Assets at Beginning of Year - As Restated	2,515,834	37,695	2,553,529	2,539,757
Net Assets at End of Year	\$ 2,818,358	\$ 202,295	\$ 3,020,653	\$ 2,553,529

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

	Social Enterprise, Bakery Café	Housing Program	Foods, Meals & Farming	Total Program	Administration	Fundraising	2020 Total	2019 Total
Salaries	\$ 366,759	\$ 69,755	\$ 91,017	\$ 527,531	\$ 192,284	\$ 86,670	\$ 806,485	\$ 951,810
Payroll taxes and fringe benefits	67,737	12,271	12,059	92,067	48,979	10,078	151,124	187,134
Food, ingredients and merchandise	155,997	-	21,404	177,401	66	3,299	180,766	522,766
Professional fees	21,535	18,683	33,250	73,468	34,941	565	108,974	143,495
Office supplies and program expenses	73,065	3,872	126,470	203,407	6,504	16,146	226,057	111,271
Occupancy	60,309	133,697	38,335	232,341	8,397	2,837	243,575	281,653
Insurance	42,703	23,471	7,964	74,138	4,986	1,900	81,024	78,888
Bad debt	4,204	-	-	4,204	-	-	4,204	1,987
Depreciation	24,523	153,943	31,859	210,325	12,535	3,982	226,842	222,117
Miscellaneous	3,316	255	462	4,033	673	270	4,976	15
Interest	40,043	88,501	23,268	151,812	6,622	2,660	161,094	171,475
Total Functional Expenses	<u>\$ 860,191</u>	<u>\$ 504,448</u>	<u>\$ 386,088</u>	<u>\$ 1,750,727</u>	<u>\$ 315,987</u>	<u>\$ 128,407</u>	<u>\$ 2,195,121</u>	<u>\$ 2,672,611</u>

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2020

With Comparative Totals for the Year Ended June 30, 2019

Cash Flows from Operating Activities	<u>2020</u>	<u>2019</u>
Net income	\$ 467,124	\$ 13,772
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	226,842	222,117
Net unrealized and realized gains on investments	4,000	-
Decrease (increase) in assets		
Accounts receivable	38,198	16,135
Prepaid expenses	(1,651)	(380)
Deposits	(5,000)	-
Increase (decrease) in liabilities		
Accounts payable	(22,567)	(121,526)
Accrued expenses	(1,696)	-
Deferred revenue	9,762	-
Accrued interest	9,995	(68)
Net Cash Provided by Operating Activities	<u>725,007</u>	<u>130,050</u>
Cash Flows from Investing Activities		
Proceeds from sale of fixed assets	-	19,089
Purchase of fixed assets	(332,466)	-
Proceeds from the sale of investments	132,418	-
Purchase of investments	(130,143)	-
Other investing activities	(23,175)	-
Net Cash (Used in) Provided by Investing Activities	<u>(353,366)</u>	<u>19,089</u>
Cash Flows from Financing Activities		
Repayments of long term debt	(68,782)	(168,820)
Proceeds from note payable - paycheck protection program	153,614	-
Net Cash Provided by (Used in) Financing Activities	<u>84,832</u>	<u>(168,820)</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	456,473	(19,681)
Cash, Cash Equivalents and Restricted Cash - Beginning	<u>825,605</u>	<u>845,286</u>
Cash, Cash Equivalents and Restricted Cash - Ending	<u>\$ 1,282,078</u>	<u>\$ 825,605</u>
Cash and cash equivalents	\$ 1,181,987	736,427
Restricted cash	<u>100,091</u>	<u>89,178</u>
Cash, Cash Equivalents and Restricted Cash - Ending	<u>\$ 1,282,078</u>	<u>825,605</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 151,099</u>	<u>\$ 117,140</u>
Supplemental Data for Noncash Investing and Financing Activities		
Fixed assets included in accounts payable	<u>\$ 25,470</u>	<u>\$ -</u>

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

(a) Nature of Organization

The following is the nature of operations and summary of significant accounting policies followed by Haley House, Inc. and Affiliates (the Organization) in the preparation of these consolidated financial statements.

Nature of Operations

Through food, personal relationship, and the power of community, the Organization breaks down barriers between people, empowers individuals, and strengthens neighborhoods. We believe in radical solutions: solving problems at their root by challenging the attitudes and structures that perpetuate suffering while building innovative models as creative alternatives. Begun as a soup kitchen in 1966, Haley House, Inc. has grown into a multifaceted organization deeply rooted in two Boston neighborhoods: the South End and Roxbury. In the Organization's 50+ year history, the organization has expanded creatively in direct response to the needs of those who come to our doors. The following program divisions are listed in order of relative importance based upon total program expenditures:

Social Enterprise Bakery Cafe: Located in Roxbury since 2005, the Bakery Café has been characterized as a community center disguised as a café. In addition to delicious, healthy, and affordable food, the social enterprise restaurant offers dignified work and job skills training for people transitioning out of incarceration and is home to extensive arts and cultural programming. Between January 2019 and January 2020, the staff was involved in a re-envisioning process to update the business model. The Social Enterprise Baker Cafe division accounted for 49% of total program expenditures for the year ended June 30, 2020.

Housing Program - The Housing Program provides secure homes to low-income families and formerly homeless people with more than 100 units of permanent, affordable housing scattered throughout the South End and Roxbury. The Housing Program division accounted for 17% of total program expenditures for the year ended June 30, 2020.

Food, Meals and Farming - Each year, Soup Kitchen volunteers serve more than 36,000 made-from-scratch meals 9 times a week and distribute over 10,000 bags of food through the weekly Food Pantry. These programs are coordinated by a Live-In Community of long-term volunteers who donate their time in exchange for room and board. Haley House, Inc. is responsible for two plots of reclaimed urban land in Roxbury and the South End, which provide seasonal produce for the Soup Kitchen, Bakery Café, and other programs. Other programs include Take Back the Kitchen, a hands-on cooking program taught by professional chefs reaching over 400 young people and their families each year and the Transitional Employment Program (TEP) offering job and life-skills training for people returning from incarceration (on hiatus until Fall 2020). The Food, Meals and Farming division accounted for 34% of total program expenditures for the year ended June 30, 2020.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(2) Summary of Significant Accounting Policies - continued

(c) *Basis of Presentation*

The consolidated statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts. Investment income, realized and unrealized gains and losses on investments, net of related management fees are reported as operating revenue.

The consolidated financial statements include the accounts of Haley House, Inc, and its wholly-owned subsidiaries that are controlled by Haley House through common board members. All financial data has been maintained within the books and records of Haley House, Inc. All material intercompany transactions and accounts have been eliminated in consolidation.

Haley House, Inc., is a Massachusetts not-for-profit corporation formed to provide basic needs of food and shelter to poor and homeless individuals.

Haley House Bakery Café Operating LLC is wholly owned by Haley House, Inc. to own and operate the non-profit bakery and café operations.

Haley House Bakery Café 12 Dade LLC is wholly owned by Haley House, Inc. to own and manage certain real property located in Roxbury Massachusetts.

Haley House Interfaith LLC was is wholly owned by Haley House, Inc. to act as a managing member in certain real estate ventures of Haley House, Inc.

(d) *Standards of Accounting and Reporting*

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The consolidated statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the consolidated statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(d) Standards of Accounting and Reporting - continued

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

(e) Cash, Cash Equivalents and Restricted Deposits and Escrows

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purpose, to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The mutual fund broker is insured by the Securities Investment Protection Corporation (SIPC). This insurance protects customer securities from creditors in the event of a business failure of the broker/dealer. The insurance does not provide protection against market fluctuations.

The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2020.

Security deposits, replacement reserves and tax escrows are also included in restricted cash. See Note 2 for the detail of restricted deposits and funded reserves.

(f) Marketable Securities

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(g) Revenue Recognition

The Organization earns revenue as follows:

Contributions and Grants - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution or grant (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution or grant is considered to be a conditional contribution or grant if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions and grants without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions and grants with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged.

Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions and grants with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Donated Materials - Donations of materials are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising and client services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(g) Revenue Recognition - continued

Commercial Products and Services - Commercial products and services are recognized as services are rendered and when units or services are provided.

Management fees - The Organization recognizes management fees as services are performed and earned in accordance with the terms of the agreements.

Partnership Fees – Partnership fees consists of distribution, see Note 8. The Organization recognizes partnership fees upon receipt.

Rental - Rental revenue is recognized as rentals become due and are accounted for under Leases (Topic 840). Rental revenue is derived from tenant and subsidy leases. All leases between the Organization and its tenants are operating leases. Rental revenue is recognized as occupancy is provided on a straight-line basis over the rented lease terms. Rental payments received in advance are deferred.

Deferred revenue represents rental income received prior to year-end. These amounts are deferred and recognized over the periods to which the fees relate.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2020, the Organization derived approximately 53% of its total revenue from grants, contributions and donated materials and services, 19% from rental, 14% from commercial products, 13% from management fees and 1% from other sources. All revenue is recorded at the estimated net realizable amounts.

(h) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2020, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on accounts receivable. The Organization has no policies requiring collateral or other security to secure the accounts receivable. The Organization has a policy to collect security deposits of up to one month's rent from tenants. The security deposits can be used to pay for damages caused by the tenant or used against unpaid receivables.

As of June 30, 2020, 100% of the Organization's accounts receivable is due from private and third parties.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(i) Fixed Assets

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Buildings	40 years
Building improvements	20-40 years
Furnishings and equipment	5-10 years

Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There was no impairment loss recognized during the year ended June 30, 2020.

(j) Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions, see Note 6(b).

(k) Fair Value Measurements

U.S GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(k) Fair Value Measurements - continued

Recurring Fair Value Measurements

In accordance with U.S GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization's assets that are adjusted to fair value on a recurring basis are described below. The Organization currently has no liabilities that are adjusted to fair value on a recurring basis.

The following section describes the valuation methodologies used to measure assets financial assets and liabilities at fair value on a recurring basis:

Investments in Mutual Funds: The fair values of investments using quoted market prices from daily exchange traded markets were based on the closing price as of the financial position date and were classified as Level 1.

The following table summarizes assets measured at fair value on a recurring basis as of June 30, 2020.

	Level 1		Level 2		Level 3		Total
Investments	\$ 588,005	\$	-	\$	-	\$	588,005
	\$ 588,005	\$	-	\$	-	\$	588,005

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. The Organization currently has no assets or liabilities that are adjusted to fair value on a nonrecurring basis.

(l) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and was 9% for the year ended June 30, 2020. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(m) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon square footage.

(n) Use of Estimates

In preparing the Organization's consolidated financial statements in conformity with U.S GAAP, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

U.S. GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Generally, the Organization's information/tax returns remain open for possible federal income tax examination for three years after the filing date. The Organization is not currently under examination by any taxing jurisdiction.

Haley House Bakery Café Operating LLC, Haley House Bakery Café 12 Dade LLC and Haley House Interfaith LLC are limited liability companies with Haley House, Inc. as its sole member and, consequently are disregarded entities, having no tax status. These entities are consolidated and filed with Haley House, Inc.'s nonprofit tax return.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(p) Below Market Loan

The Organization has programs which create low-income housing. Governmental entities, having a similar agenda to foster low-income housing, have lent money to the Organization at advantageous terms. The Organization has not discounted these below market loans as they were made at arm's length and to foster the creation of low-income housing.

(q) Summarized Financial Information for 2019

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the consolidated financial statements do not include a full presentation of the consolidated statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the consolidated financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019, from which the summarized information was derived.

(r) Recent Accounting Standards Adopted

On July 1, 2019, the Organization adopted ASU 2018-08, *Not-for Profit Entities (Topic 958), Clarified Scope and Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify and improve the guidance in U.S. GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional. The Organization adopted the ASU using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the 2019 consolidated financial statements are not restated and there was no cumulative effect adjustment to opening net assets as of July 1, 2019.

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows - Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and must be applied retroactively to all periods presented. As a result, for the year ended June 30, 2020, amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows, with no effect on previously reported net income (loss). Other than this change, the adoption of ASU 2016-18 did not have a material impact on the Organization's financial position, results of operations or cash flows.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(s) *Recent Accounting Standards*

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: Step 1 - identify the contract(s) with the customer; Step 2 - Identify the performance obligations in the contract; Step 3 - determine the transaction price; Step 4 - Allocate the transaction price to the performance obligations in the contract and Step 5 - recognize revenue when (or as) the entity satisfies a performance obligation. Services within the scope of ASU 2014-09 primarily include program service fees. The ASU was set to be effective for fiscal years beginning after December 15, 2018 and has been extended to be effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

In March 2016, FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. In December 2016, FASB Issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. These ASUs will be adopted concurrent with the Organization's adoption of ASU 2014-09.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The ASU adds to U.S. GAAP an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, the Organization recognizes as an allowance its estimate of expected credit losses. The ASU is effective fiscal years beginning after December 15, 2020. The Organization is currently evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

In November 2018, FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses* and in March 2020, FASB Issued ASU 2020-03, *Codification Improvements to Financial Instruments*. The adoption of these ASUs will run current with the Organization's adoption of ASU 2016-13.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies - continued

(s) *Recent Accounting Standards - continued*

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update removed the following disclosure requirements from Topic 820: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the reporting period. The following disclosure requirements were modified in Topic 820: (1) in lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly and (3) the amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The ASU is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

(t) *Reclassifications*

In addition to the reclassifications described in the above disclosure, certain amounts in the prior year have been reclassified to conform to the current year presentation.

(u) *Paycheck Protection Program Loan*

As described at Note 5, the Organization received a Paycheck Protection Program (PPP) loan during the fiscal year ended June 30, 2020. The Organization has elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP loan. As a result, during the year ended June 30, 2020, the Organization recognized \$153,614 of debt.

(2) Restricted Cash and Cash Equivalents

The Organization's restricted cash balance consists of funds restricted for tenant security deposits and funds held in escrow. These amounts support either a corresponding liability or restricted net position.

(a) *Tenant security deposits*

The Organization has a policy to collect security deposits of up to one month's rent from tenants. The security deposits can be used to pay for damages caused by the tenant or used against unpaid receivables. The balance as of June 30, 2020 was \$15,701.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(2) Restricted Cash and Cash Equivalents - continued

(b) Replacement Reserve

In accordance with the Regulatory Agreement, the Organization maintains an account established for repairs and capital improvements. The Organization shall make required monthly deposits of \$758 which is subject to an automatic annual adjustment factor published by the United States Department of Housing and Urban Development and reserves can only be drawn upon with permission from MassHousing. Deposits and disbursements were made in accordance with the Regulatory Agreement during the year ended June 30, 2020. A summary of replacement reserve activity for the year ended June 30, 2020 is as follows:

Balance at beginning of year	\$	64,941
Deposits		9,789
Interest earned		<u>1,256</u>
Balance at end of year	\$	<u><u>75,986</u></u>

(c) Real Estate Tax and Insurance Escrows

The Organization established a reserve and makes deposits monthly of \$1,700 as required by MassHousing note agreements to fund disbursements for real estate taxes, assessments, liens and insurance premiums in accordance with its mortgage notes payable agreements. Deposits and disbursements were made in accordance with the note agreements during the year ended June 30, 2020. The escrow funds are held by MassHousing and can only be drawn upon with permission of MassHousing. A summary of escrow activity for the year ended June 30, 2020 is as follows:

Balance at beginning of year	\$	5,339
Deposits		21,057
Interest earned		100
Less: withdrawals		<u>(18,092)</u>
Balance at end of year	\$	<u><u>8,404</u></u>

(3) Investments

The Organization holds mutual fund investments in both debt and equity securities. These investments are restricted to the Columbus Avenue Single Room Occupancy housing development and are not available for use in Haley House, Inc.'s day-to-day operations. Mutual fund investments are subject to market rate fluctuations. The Organization's governing board has a policy of selecting funds that provide growth with proven performance records so as to minimize the market risk associated with the investments. These mutual funds have been classified as available for sale in the consolidated financial statements. The market value of the investments at June 30, 2020, aggregated \$588,005.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(4) Line of Credit

The Organization has established a line of credit with a lending institution. The maximum borrowing on the line is established at \$100,000. Interest accrues on amounts borrowed at a rate of one percent (1.00%) above the Wall Street Journal Prime Rate. The Wall Street Journal Prime Rate was approximately 3.25% at June 30, 2020. The loan is collateralized by all Organization assets. As of June 30, 2020, there were no funds borrowed against the line of credit.

(5) Long-Term Debt

(a) MassHousing

The Organization has a first and second mortgage notes payable. The first mortgage is provided by MassHousing with a loan dated September 1, 2009. The loan bears interest at a rate of 6.25% per annum. The property has been pledged as collateral for the mortgage. The loan is being amortized over a 30-year term and requires monthly principal and interest payments totaling \$5,062. The loan also requires monthly mortgage service fee payments of \$339. The project is subject to a regulatory agreement which limits the use of the property to low-income housing. As of June 30, 2020, the principal balance and accrued interest was \$406,118 and \$2,464, respectively.

(b) City of Boston

The Organization has a second mortgage note payable with the City of Boston in the original amount of \$562,030. The note bears interest at 1% and matures May 2021. The Project assets are pledged as collateral. Payment of interest is limited to \$3,000 per annum. The mortgage notes payable and all unpaid accrued interest shall be paid in full May 2021. During the year ended June 30, 2020, interest expense amounted to \$10,200. As of June 30, 2020, the outstanding principal and accrued interest was \$562,030 and \$40,025, respectively.

(c) Boston Community Loan Fund

On April 6, 2015, Haley House Inc., and Haley House Bakery Café 12 Dade Street LLC executed with Boston Community Loan Fund a non-revolving line of credit not to exceed \$750,000. The line of credit accrues interest at a rate of 5% per annum, until April 6, 2018, when the rate of interest shall increase to 6% per annum. On April 6, 2018, the borrower was required to begin making monthly payments of principal and interest based upon a 20-year amortization schedule. On April 6, 2025 (the maturity date) the unpaid principal balance plus any accrued and unpaid interest is required to be paid. This loan is subordinated to the Eastern Bank loan of \$1,680,000. This loan agreement is collateralized by the property located at 12 Dade Street, 2139 Washington Street and 16, 20, 22 and 24 Dade Street, Boston and the second collateral assignment of leases and rents of this property. As of June 30, 2020, the outstanding principal and accrued interest was \$373,675 and \$2,471, respectively.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(5) Long-Term Debt - continued

(d) Eastern Bank

On February 27, 2015, Haley House Inc. Borrowed from Eastern Bank a sum of \$1,680,000. Prior to February 27, 2018, the conversion date, the loan accrued interest at a rate of 3.57% per annum payable in monthly installments. Effective on the conversion date, the rate was converted to 5.43% per annum. For the first three years of the loan only interest is required to be paid. Commencing on March 27, 2018, Haley House Inc. was required to make monthly installments of principal and interest based upon a 10-year amortization schedule. On February 27, 2025 (the maturity date), the remaining principal balance plus any accrued and unpaid interest is due. This loan was used to finance the purchase of the property at 12 Dade Street, Boston. The Eastern Bank loan is collateralized by a mortgage on certain real property owned by Haley House, Inc. and a collateral assignment of leases and rents at this property. The principal balance at June 30, 2019, was \$1,616,027.

The Loan contains a debt service coverage ratio covenant that requires the Organization to maintain a debt service coverage ratio (DSCR) of 1.10:1. As of June 30, 2020, the Organization did maintain the required coverage.

(e) Note Payable - Paycheck Protection Program

During the year ended June 30, 2020, the Organization received a loan from Eastern Bank in the amount of \$153,614 pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The loan bears interest of 1% and matures in April 15, 2022. Monthly payments of principal and interest were originally required starting in October 2020. In connection with the PPP Flexibility Act, the deferral of loan repayment was extended from the original 6 months to the earlier of i) the date when the U.S. Small Business Administration (SBA) pays the forgiveness amount to the lender or ii) 10 months after the last day of the covered period, as defined in the loan agreement.

Management expects that the loan will be substantially forgiven during the year ended June 30, 2021 and as such the loan has been presented as a current liability on the consolidated statement of financial position. The SBA has disclosed criteria for forgiveness which includes, but is not limited to, maintaining the full-time equivalent number of employees over a certain time period and expending the funds on eligible expenses over the covered period. The Organization will recognize forgiveness of the loan in full or in part when the SBA determines the amount of forgiveness and notifies the Organization. As of June 30, 2020, the outstanding principal and accrued interest was \$153,614 and \$324, respectively.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(5) Long-Term Debt - continued

Future minimum payments are as follows:

2021	\$ 639,835
2022	82,814
2023	87,768
2024	92,737
2025	1,849,065
Thereafter	<u>205,631</u>
Total	\$ <u>2,957,850</u>

Interest expense on all debt amounted to \$161,094 for the year ended June 30, 2020.

(6) Net Assets

(a) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2020, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose:	
Dartmouth Street Capital Grants	\$ 170,545
Bakery	<u>6,750</u>
	177,295
Time restricted - for use in 2021	<u>25,000</u>
Total net assets with donor restrictions	\$ <u>202,295</u>

There were no net assets released from restrictions during the year ended June 30, 2020.

(b) Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes as of June 30, 2020:

Undesignated	\$ 1,983,496
Board designated - operating reserve - see Note 1(j)	108,402
Designated for single room occupancy program	<u>726,460</u>
Total	\$ <u>2,818,358</u>

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(6) Net Assets - continued

(b) Net Assets Without Donor Restrictions - continued

In accordance with the Regulatory Agreement, all net assets associated with the single room occupancy housing program must remain associated with the project and cannot be used for any other purpose involving Haley House, Inc. This development is financed by the MassHousing. Sale or encumbrance of the property is prohibited and use of any financial assets is restricted to operating costs associated with the property under the terms of a regulatory agreement. The regulatory agreement will remain in effect for the duration of the first mortgage loan. Net assets associated with the single room occupancy program on June 30, 2020, were \$726,460.

(7) Donated Goods and Services

Donated goods and services for the year ended June 30, 2020 were as follows:

Pro-bono outside services:	
Human resource services	\$ 22,704
Goods in kind:	
Food, pantry and soup kitchen goods	107,042
Total revenue recognized	<u>\$ 129,746</u>

(8) Haley House Interfaith LLC

Haley House Interfaith LLC is a fifty percent member in Interfaith Housing Developer's, Inc., which is the co-managing member in Interfaith Housing Developers LLC (the Project). Interfaith Housing Developer's, Inc, does not control the Project and as such is accounted for on the equity method of accounting. Interfaith Housing Developer's, Inc. earns a management fee and is entitled to partnership fees (also referred to as distributions), if any. As of June 30, 2020, management fees and partnership fees totaled \$337,062, which are included in management and partnership fees on the consolidated statement of activities.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(9) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the consolidated statement of financial position date:

Financial assets at June 30, 2020:	
Cash and cash equivalents	\$ 1,181,987
Accounts receivable	27,246
Investments	<u>588,005</u>
Total	<u>1,797,238</u>
Less: amounts unavailable for general expenditures within	
one year, due to:	
Restricted by donors for specific purposes	202,295
Board designated	108,402
Designated for single room occupancy	<u>726,460</u>
Total	<u>1,037,157</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>760,081</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Organization also could draw upon the \$100,000 of available lines of credit, see Note 4.

(10) Risk and Uncertainties - COVID-19

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenues and other adverse effects to the Organization's financial position, results of operations, and cash flows. As described in Note 5(e), the Organization received a PPP loan. In addition, the Organization's liquidity as of June 30, 2020 is documented at Note 9. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Financial Statements

June 30, 2020

(11) Prior Period Adjustment

During the year ended June 30, 2020, it was determined that there was an error that needed to be corrected to properly state prior years' net assets with and without donor restrictions that were recorded as a prior period adjustment. The prior period adjustment involved the recording of net assets with donor restriction in the amount of \$685,240. The prior year financial statement has not been reissued.

The June 30, 2019 net assets with and without donor restrictions have been restated as follows:

Net assets with donor restriction, as of June 30, 2019, as previously reported	\$ 722,935
Prior period adjustment	<u>(685,240)</u>
Net assets with donor restriction, as of June 30, 2019, as restated	<u>\$ 37,695</u>
Net assets without donor restriction, as of June 30, 2019, as previously reported	\$ 1,830,594
Prior period adjustment	<u>685,240</u>
Net assets without donor restriction, as of June 30, 2019, as restated	<u>\$ 2,515,834</u>

(12) Subsequent Events

The Organization has performed an evaluation of subsequent events through January 21, 2020, which is the date the Organization's consolidated financial statements were available to be issued. No material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in these consolidated financial statements.

Supplementary Information

HALEY HOUSE, INC. & AFFILIATES

Consolidating Statement of Financial Position

As of June 30, 2020
With Comparative Totals as of June 30, 2019

	Bakery Division	HH Division	SRO Division	Eliminations	2020 Total	2019 Total
Current Assets						
Cash and cash equivalents	\$ 51,630	\$ 879,001	\$ 251,356	\$ -	\$ 1,181,987	\$ 736,427
Restricted cash	-	6,407	93,684	-	100,091	89,178
Accounts receivable, net	13,598	6,349	7,299	-	27,246	65,444
Due from affiliate	-	2,133,927	-	(2,133,927)	-	-
Prepaid expenses	-	13,315	-	-	13,315	11,664
Investments	-	-	588,005	-	588,005	571,105
Total current assets	<u>65,228</u>	<u>3,038,999</u>	<u>940,344</u>	<u>(2,133,927)</u>	<u>1,910,644</u>	<u>1,473,818</u>
Fixed Assets						
Land	-	537,705	119,232	-	656,937	656,937
Buildings	534,860	2,055,818	1,693,262	(75,000)	4,208,940	3,879,467
Building improvements	-	1,555,209	-	-	1,555,209	1,546,459
Equipment	69,006	281,770	23,704	-	374,480	354,767
Total fixed assets	603,866	4,430,502	1,836,198	(75,000)	6,795,566	6,437,630
Less: accumulated depreciation	(297,569)	(1,167,984)	(987,807)	48,750	(2,404,610)	(2,177,768)
Total net fixed assets	<u>306,297</u>	<u>3,262,518</u>	<u>848,391</u>	<u>(26,250)</u>	<u>4,390,956</u>	<u>4,259,862</u>
Other Assets						
Deposits	-	11,500	-	-	11,500	6,500
Total Assets	<u>\$ 371,525</u>	<u>\$ 6,313,017</u>	<u>\$ 1,788,735</u>	<u>\$ (2,160,177)</u>	<u>\$ 6,313,100</u>	<u>\$ 5,740,180</u>
Current Liabilities						
Accounts payable	\$ 5,697	\$ 104,930	\$ 1,915	\$ -	\$ 112,542	\$ 109,639
Due to affiliates	2,092,334	-	41,593	(2,133,927)	-	-
Accrued interest	-	2,795	42,489	-	45,284	35,289
Accrued expenses	-	7,133	6,262	-	13,395	15,091
Long term debt, current	-	42,417	597,418	-	639,835	113,744
Note payable - paycheck protection program	-	153,614	-	-	153,614	-
Deferred revenue	7,894	-	1,868	-	9,762	-
Total current liabilities	<u>2,105,925</u>	<u>310,889</u>	<u>691,545</u>	<u>(2,133,927)</u>	<u>974,432</u>	<u>273,763</u>
Long Term Liabilities						
Long term debt	-	1,947,285	370,730	-	2,318,015	2,912,888
Total liabilities	<u>2,105,925</u>	<u>2,258,174</u>	<u>1,062,275</u>	<u>(2,133,927)</u>	<u>3,292,447</u>	<u>3,186,651</u>
Net Assets						
Net assets without donor restrictions						
Board designated	-	108,402	-	-	108,402	108,366
Designated for single room occupancy program	-	-	726,460	-	726,460	685,240
Undesignated	(1,741,150)	3,750,896	-	(26,250)	1,983,496	1,722,228
Total net assets without donor restrictions	(1,741,150)	3,859,298	726,460	(26,250)	2,818,358	2,515,834
Net assets with donor restrictions	6,750	195,545	-	-	202,295	37,695
Total net assets	<u>(1,734,400)</u>	<u>4,054,843</u>	<u>726,460</u>	<u>(26,250)</u>	<u>3,020,653</u>	<u>2,553,529</u>
Total Liabilities and Net Assets	<u>\$ 371,525</u>	<u>\$ 6,313,017</u>	<u>\$ 1,788,735</u>	<u>\$ (2,160,177)</u>	<u>\$ 6,313,100</u>	<u>\$ 5,740,180</u>

HALEY HOUSE, INC. & AFFILIATES

Consolidating Statement of Activities

For the Year Ended June 30, 2020
With Comparative Totals for the Year Ended June 30, 2019

	Bakery Division			HH Division			SRO Division			Eliminations	2020 Total	2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
Revenue and Support												
Grants and contributions	\$ 293,704	\$ 6,750	\$ 300,454	\$ 812,794	\$ 157,850	\$ 970,644	\$ 1,300	\$ -	\$ 1,300	\$ -	\$ 1,272,398	\$ 811,508
Donated materials and services	-	-	-	129,746	-	129,746	-	-	-	-	129,746	190,985
Sale of commercial products	367,659	-	367,659	4,170	-	4,170	-	-	-	-	371,829	816,801
Rental	10,400	-	10,400	192,025	-	192,025	315,483	-	315,483	-	517,908	524,671
Management and partnership fees	-	-	-	349,900	-	349,900	-	-	-	(12,838)	337,062	309,841
Investment, net	-	-	-	2,753	-	2,753	13,205	-	13,205	-	15,958	22,889
Miscellaneous	5,482	-	5,482	10,194	-	10,194	1,668	-	1,668	-	17,344	9,688
Total revenue and support	677,245	6,750	683,995	1,501,582	157,850	1,659,432	331,656	-	331,656	(12,838)	2,662,245	2,686,383
Expenses												
Program services	860,194	-	860,194	614,810	-	614,810	290,436	-	290,436	(14,713)	1,750,727	2,174,015
Administration	-	-	-	315,987	-	315,987	-	-	-	-	315,987	402,539
Fundraising	-	-	-	128,407	-	128,407	-	-	-	-	128,407	96,057
Total expenses	860,194	-	860,194	1,059,204	-	1,059,204	290,436	-	290,436	(14,713)	2,195,121	2,672,611
Change in net assets	(182,949)	6,750	(176,199)	442,378	157,850	600,228	41,220	-	41,220	1,875	467,124	13,772
Total Change in Net Assets	(182,949)	6,750	(176,199)	442,378	157,850	600,228	41,220	-	41,220	1,875	467,124	13,772
Net Assets at Beginning of Year - as Restated	(1,558,201)	-	(1,558,201)	3,416,920	37,695	3,454,615	685,240	-	685,240	(28,125)	2,553,529	2,539,757
Net Assets at End of Year	\$ (1,741,150)	\$ 6,750	\$ (1,734,400)	\$ 3,859,298	\$ 195,545	\$ 4,054,843	\$ 726,460	\$ -	\$ 726,460	\$ (26,250)	\$ 3,020,653	\$ 2,553,529