

**Family Housing Advisory Services, Inc.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the year ended December 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Housing Advisory Services Inc.

We have audited the accompanying financial statements of Family Housing Advisory Services Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 Family Housing Advisory Services Inc. as of December 31, 2016, and the 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.

Report on Summarized Comparative Information

We have previously audited Family Housing Advisory Services Inc.'s financial statements, and our report dated April 14, 2016, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Omaha, Nebraska
April 26, 2017

Family Housing Advisory Services, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2016
(With comparative totals for 2015)

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 531,111	\$ 431,720
Investments	13,119	9,478
Certificate of deposit	95,037	94,985
Accounts receivable	168,305	127,206
Prepaid Expenses	-	15,525
Unconditional promises to give:		
United Way	257,000	229,850
Other, net of \$2000 discount	211,347	102,590
Total current assets	1,275,919	1,011,354
NONCURRENT ASSETS		
Restricted cash	244,485	316,804
Other assets	11	8,021
Total noncurrent assets	244,496	324,825
PROPERTY AND EQUIPMENT		
Land	368,000	368,000
Building	2,991,870	2,991,870
Furniture and equipment	305,665	297,653
Total property and equipment	3,665,535	3,657,523
Less accumulated depreciation	(1,062,458)	(989,484)
Net property and equipment	2,603,077	2,668,039
Total assets	\$ 4,123,492	\$ 4,004,218
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 18,204	\$ 14,247
Monies held for others	5,027	5,198
Refundable advance	198,474	273,361
Accrued expenses	157,476	135,353
Total current liabilities	379,181	428,159
NET ASSETS		
Unrestricted	3,124,090	3,109,007
Temporarily restricted	620,221	467,052
Total net assets	3,744,311	3,576,059
Total liabilities and net assets	\$ 4,123,492	\$ 4,004,218

See accompanying notes and independent auditor's report.

Family Housing Advisory Services, Inc.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2016
(With comparative totals for 2015)

	Unrestricted	Temporarily Restricted	Totals	
			2016	2015
REVENUES AND RECLASSIFICATIONS				
Grants	\$ 518,026	\$ -	\$ 518,026	\$ 497,878
Contributions	862,058	323,000	1,185,058	1,149,122
Contributed goods and services	160,297	-	160,297	172,375
United Way allocation	-	514,000	514,000	459,700
United Way designated dollars	3,527	-	3,527	3,063
Contracts	749,738	-	749,738	664,251
Special events	21,626	-	21,626	36,293
Less: Cost of direct donor benefits	(11,881)	-	(11,881)	(13,451)
Investment income	679	-	679	571
Miscellaneous income	3,435	-	3,435	1,755
Rental income	92,461	-	92,461	85,486
Net assets released from restrictions	683,831	(683,831)	-	-
Total revenues and reclassifications	<u>3,083,797</u>	<u>153,169</u>	<u>3,236,966</u>	<u>3,057,043</u>
EXPENSES				
Program services	2,844,759	-	2,844,759	2,770,792
Management and general	179,816	-	179,816	156,838
Fundraising	44,139	-	44,139	97,254
Total expenses	<u>3,068,714</u>	<u>-</u>	<u>3,068,714</u>	<u>3,024,884</u>
CHANGE IN NET ASSETS	15,083	153,169	168,252	32,159
NET ASSETS, BEGINNING OF YEAR	<u>3,109,007</u>	<u>467,052</u>	<u>3,576,059</u>	<u>3,543,900</u>
NET ASSETS, END OF YEAR	<u>\$ 3,124,090</u>	<u>\$ 620,221</u>	<u>\$ 3,744,311</u>	<u>\$ 3,576,059</u>

See accompanying notes and independent auditor's report.

Family Housing Advisory Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2016
(With comparative totals for 2015)

	Program Services							Supporting Services		Totals		
	Fair Housing	Financial Management	Tenant Services	Home Buyer Education	Home Owners Finance	EITC	Lake Point	Total	Management and General	Fund-raising	2016	2015
	Payroll expenses	\$ 343,294	\$ 182,026	\$ 201,749	\$ 223,959	\$ 214,940	\$ 170,865	\$ 60,961	\$ 1,397,794	\$ 90,940	\$ 47,791	\$ 1,536,525
Employee benefits	30,900	24,841	25,242	12,071	23,616	13,343	3,304	133,317	48,008	51	181,376	182,513
Total salaries and related expenses	374,194	206,867	226,991	236,030	238,556	184,208	64,265	1,531,111	138,948	47,842	1,717,901	1,713,366
Professional fees	4,725	2,063	1,723	2,279	3,107	729	975	15,601	922	803	17,326	17,453
Supplies	4,733	587	571	4,885	1,545	4,804	358	17,483	1,700	145	19,328	29,070
Telephone	5,453	2,206	1,848	5,902	2,859	3,493	1,007	22,768	1,603	743	25,114	24,836
Postage and printing	3,592	1,465	1,195	2,933	1,592	1,593	681	13,051	1,093	399	14,543	33,818
Occupancy	14,143	9,001	17,264	15,287	1,827	17,157	42,785	117,464	5,096	2,201	124,761	112,557
Insurance	9,366	5,013	4,332	4,515	6,525	1,655	2,174	33,580	3,872	1,483	38,935	38,900
Maintenance and rental	2,177	1,081	1,127	1,680	2,285	699	733	9,782	465	406	10,653	9,982
Travel and conferences	31,268	5,258	3,937	1,621	5,050	9,775	282	57,191	5,607	672	63,470	69,144
Employee development	3,720	309	1,395	49	2,452	997	148	9,070	2,037	60	11,167	11,174
Contract labor	7,979	2,036	2,960	2,299	3,331	5,658	1,448	25,711	3,062	765	29,538	46,375
Direct assistance	-	593,391	86,470	-	-	-	-	679,861	-	-	679,861	645,473
Depreciation	10,448	4,927	8,474	8,759	1,762	8,387	23,565	66,322	6,651	-	72,973	69,800
Miscellaneous	6,872	2,285	62,345	1,744	2,812	5,987	4,632	86,677	7,550	501	94,728	44,011
In-kind	80,050	-	-	2,040	-	76,996	-	159,087	1,210	-	160,297	172,376
Total expenses	558,720	836,489	420,632	290,023	273,703	322,139	143,053	2,844,759	179,816	56,020	3,080,595	3,038,335
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	-	-	(11,881)	(11,881)	(13,451)
Total expenses included in the expense section of the statement of activities	\$ 558,720	\$ 836,489	\$ 420,632	\$ 290,023	\$ 273,703	\$ 322,139	\$ 143,053	\$ 2,844,759	\$ 179,816	\$ 44,139	\$ 3,068,714	\$ 3,024,884

See accompanying notes and independent auditor's report.

Family Housing Advisory Services, Inc.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2016
(With comparative totals for 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 168,252	\$ 32,159
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	72,974	69,800
Change in accounts receivable	(41,099)	66,524
Change in prepaid expenses	15,525	(505)
Change in unconditional promises to give	(135,907)	(80,216)
Change in accounts payable	3,957	1,362
Change in deferred revenue	-	(2,071)
Change in refundable deposits	(74,887)	(64,987)
Change in accrued expenses	22,123	6,070
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	30,938	28,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(8,012)	(12,739)
Purchase of investments	(4,372)	(2,027)
Change of other assets	8,010	1
Investment income	679	571
Recharacterization of cash for restricted purposes	72,148	63,800
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	68,453	49,606
NET INCREASE IN CASH AND CASH EQUIVALENTS	99,391	77,742
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	431,720	353,978
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 531,111	\$ 431,720

See accompanying notes and independent auditor's report.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Family Housing Advisory Services, Inc. (Organization).

1. Family Housing Advisory Services, Inc. (FHAS)

The Organization provides education, counseling, dispute resolution, and advisory services to clients in the Omaha, Nebraska metropolitan area to aid in locating, acquiring, and maintaining adequate housing and strengthening the community. The Organization is affiliated with the United Way of the Midlands and receives government and private funding. Approximately 16% of the Organization's revenue and support is derived from government funding. The Organization's services include the following programs:

Fair Housing Center: Investigations of fair housing complaints, community education and outreach.

Financial Management: Financial literacy education, individual development accounts, and matched-savings programs.

Tenant Services: Homelessness prevention, housing stability counseling, and contracted supportive services.

Homebuyer Education: Pre and post-purchase education, and foreclosure prevention.

Homeowners Finance: Affordable financing, down payment assistance, and closing cost assistance.

Earned Income Tax Credit Coalition: Volunteer tax return preparation, EIC assistance, and family asset development.

Lake Point: Rental of space for events and rental of office space.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Omaha 100

During the year ended December 31, 2002, the Board of Directors of Omaha 100, a not-for-profit corporation, exempt under section 501(c)(3) of the IRS code, changed its sponsorship agreement. Family Housing Advisory Services, Inc. became the sole member of Omaha 100 with all the powers of a sole member including the right to approve nominations of those persons to be elected to the Board of Directors of Omaha 100. Omaha 100's Board of Directors, subsequently, included a total of eleven board members of whom four are also members of the Organization's Board. Although the Organization has a sole membership, it does not have control over, nor does it have an economic interest in Omaha 100. Therefore, Omaha 100 is not required to be consolidated.

3. Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred.

4. Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Actual results could differ from those estimates.

5. Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following three classes of net assets:

- a. Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by Board designation.
- b. Temporarily restricted net assets are those net assets whose use by the Organization has been limited by donors to later periods of time or after specified dates or to specified purposes.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Basis of Presentation – Continued

- c. Permanently restricted net assets are those net assets whose use by the Organization has donor-imposed restrictions that stipulate resources be maintained permanently but permit the Organization to use up or expend part or all of the income (or economic benefits) derived from the donated assets. At December 31, 2016, the Organization has no permanently restricted assets.

6. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes for payment of costs of maintaining the Organization's facility are not considered cash or cash equivalents for purposes of the statement of cash flows. At December 31, 2016, the Organization holds \$244,485 in restricted cash in multiple bank accounts. The restricted cash is comprised of building reserve funds, matching funds for the Individual Development Account program, and cash held for others in a fiduciary role in the form of security deposits on rental properties.

7. Accounts Receivable

Accounts receivable consist primarily of amounts due from grantors, vendors, and related parties and are stated at unpaid balances. Management considers all receivables to be fully collectible; therefore, no allowance for doubtful accounts is provided. In management's opinion, the carrying value of all receivables approximates fair value.

8. Unconditional Promises to Give

Unconditional promises to give are recognized as revenues and receivables in the period in which the promise is made. All unconditional promises to give are deemed fully collectible; therefore, no allowance for doubtful accounts is provided. In management's opinion, the carrying value of all unconditional promises to give approximates fair value.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Property and Equipment

Acquisitions of property and equipment in excess of \$250 are capitalized. Assets are recorded at cost or fair value on the date of receipt if donated. Depreciation of building, fixtures and equipment is provided over the estimated useful lives of sixty and three to ten years, respectively, using the straight-line method.

10. Revenues and Reclassifications

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

11. Donated Services

The Organization receives benefits from services rendered which are provided free of charge. Revenue and a corresponding expense are recognized at the fair value for donated services when either of the following has occurred: donated services create or enhance a non-financial asset; or require specialized skills that the provider possesses and which would ordinarily be purchased.

12. Income Taxes

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization does not have any net income derived from unrelated business activities.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Investments

The Organization's investments are comprised of certificate of deposits held at the local financial institution and equity securities. Certificate of deposits are carried at the face value of the certificate of deposit. The Organization accounts for its investments in equity securities in accordance with the FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. In accordance with FASB ASC 820, investments in equity securities with readily determinable fair values are measured at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. All certificates of deposits mature within one year.

14. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

15. Employee Benefits

The employees of the Organization accrue vacation and sick leave hours each pay period based on length of service.

16. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

NOTE B. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in Omaha, Nebraska. As of December 31, 2016, the Organization was fully insured.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE C. INVESTMENTS AND FAIR VALUE MEASUREMENT

The investments consist of marketable securities and are presented in the financial statements at fair value based on quoted prices in active markets (all Level 1 measurements). Level 1 inputs are quoted prices in active markets for identical assets that the Organization has the ability to access at the measurement date. The Organization determines fair value of investments by obtaining quoted market prices on nationally recognized securities exchanges and indexes. Market risk could occur and is dependent on the future changes in market prices of the various investments held. An analysis of the investments held as of December 31, 2016, is as follows:

	Cost	Fair Value
Corporate Stock	\$ 11,853	\$ 13,120
Certificate of Deposits	95,228	95,228
Total	\$ 107,081	\$ 108,348

Investment income for the organization for the years ended December 31, 2016, is summarized as follows:

	2015
Interest and dividends	\$ 1,874
Net unrealized gains and losses	(1,195)
	\$ 679

No investment expenses were incurred in the year ended December 31, 2016.

NOTE D. PROMISES TO GIVE

Unconditional promises to give at December 31, 2016, are as follows:

Due within one year	\$ 370,347
Due within one to five years	100,000
Less: unamortized discount at 1.36%	(2,000)
Total promises to give	\$ 468,347

The discount rate of 1.36% was estimated by management based on the is the daily treasury yield for a three year treasury bond which approximates the same period of the unconditional promise to give.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE E. GRANT REVENUE

Grants consisted of the following:

City of Omaha - CDBG (Housing Counseling)	\$	60,000
City of Council Bluffs - CDBG (Housing Counseling)		25,000
HUD - Housing Counseling		22,092
HUD - Private Enforcement Initiatives		325,000
Volunteer Income Tax Assistance		69,667
State of Nebraska - Housing Assistance Payments		16,257
		\$ 518,016

NOTE F. CONCENTRATIONS

At December 31, 2016, the City of Omaha, HUD, and Omaha 100 represented 6%, 18%, and 31% of accounts receivable, respectively. At December 31, 2016, United Way of the Midlands represented 55% of promises to give. For the year ended December 31, 2016, the Organization received 22%, 11%, and 15% of its revenue from Nebraska Children & Families Foundation, HUD, and United Way of the Midlands, respectively. In addition, the Organization received 10% of its revenue from Omaha 100, a related party.

NOTE G. CONTRIBUTED GOODS AND SERVICES

The Organization receives donated goods and services to provide program services and assist in fundraising efforts. The value of donated goods, services, and fixed assets included as contributions and corresponding expenses for professional fees and miscellaneous expenses in the financial statements for the year ended December 31, 2016, are as follows:

Professional fees	\$	134,196
Donated goods		26,101
Total contributed goods and services		\$ 160,297

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE H. OPERATING LEASES COMMITMENTS

During 2009, 2012, and 2014, the Organization entered into three leases for the use of copy and postage equipment. Lease expenses for the year ended December 31, 2016, were \$4,233. Future minimum lease payments are as follows:

<u>Year ending December 31,</u> 2017	<u>\$ 2,324</u>
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NOTE I. LEASING ACTIVITIES

The Organization leases office space in its building to tenants under cancelable and non-cancelable operating leases with terms of one to three years. The cost of the building under operating leases was \$2,829,870 at December 31, 2016, and is included in the cost of buildings in the statement of financial position. Accumulated depreciation on the building under operating leases was \$728,704 at December 31, 2016.

The following is a schedule by years of future minimum rentals under non-cancelable operating leases at December 31, 2016:

<u>Year ending December 31,</u> 2017	\$ 37,200
2018	435
	<u>\$ 37,635</u>

NOTE J. DEFINED CONTRIBUTION PLAN

Effective May 1, 1995, the Organization implemented a 403(b) defined contribution plan for its employees. Qualifying employees must work at least twenty (20) hours a week for ninety (90) continuous days or one thousand (1,000) hours in a twelve (12) consecutive month period. Contributions by the Organization are at the discretion of the Board of Directors. Contributions totaling \$5,555 for the year ended December 31, 2016 were made by the Organization, in addition to \$31,406 in elective deferrals made by employees.

Family Housing Advisory Services, Inc.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended December 31, 2016

NOTE K. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016, were \$620,221 which consisted of the following:

Restricted for future years (United Way of the Midlands)	\$ 257,000
Program activities	323,000
Building reserve	<u>40,221</u>
	<u>\$ 620,021</u>

NOTE L. CONTINGENT LIABILITIES

The Organization participates in a number of federally assisted grant programs. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would be immaterial to the accompanying financial statements.

NOTE M. ADVERTISING COSTS

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2016, and 2015, was \$65,555 and \$16,156, respectively.

NOTE N. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Organization received \$315,000 in revenue for staff salaries and reimbursed costs and \$15,900 of rental income from Omaha 100; \$52,500 is included in receivable at December 31, 2016.

NOTE O. SUBSEQUENT EVENTS

Subsequent events have been assessed through April 26, 2017, which is the date the financial statements were issued, and has concluded there were no events or transactions occurring between year-end and this date that would require recognition or disclosure in the financial statements other than those already disclosed.