

# **COMMUNITY ONE INC**

Financial Statements

Modified Cash Basis

For the Year Ended December 31, 2017



VOWELLS & SCHAAF, LLP

*A Limited Liability Partnership*

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

January 26, 2019

To the Board of Directors  
COMMUNITY ONE INC  
402 S GREEN RIVER ROAD  
EVANSVILLE, IN 47715

We have reviewed the accompanying financial statements of COMMUNITY ONE INC (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis - as of December 31, 2017, and the related statement of revenues, expenses and other changes in net assets, and cash flows - modified cash basis - for the year 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 company 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

**Accountants' 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountants' Conclusion**

Based on our review, 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 the modified cash basis of accounting.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Vowells & SchAAF LLP*

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**COMMUNITY ONE INC**  
**Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis**  
**December 31, 2017**

**ASSETS**

CURRENT ASSETS	
Checking	\$ 379,453
Money Market & Savings	353,461
TOTAL CURRENT ASSETS	<u>732,914</u>
Property and Equipment	9,855
Less accumulated depreciation	(7,235)
TOTAL PROPERTY AND EQUIPMENT, NET	<u>2,620</u>
OTHER ASSETS	
Real estate inventory	98,757
TOTAL OTHER ASSETS	<u>98,757</u>
TOTAL ASSETS	<u>\$ 834,291</u>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES	
Credit Accounts	\$ 3,453
TOTAL CURRENT LIABILITIES	<u>3,453</u>
TOTAL LIABILITIES	3,453
NET ASSETS	
Unrestricted	830,838
Temporarily Restricted	0
Permanently Restricted	0
TOTAL NET ASSETS	<u>830,838</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 834,291</u>

**COMMUNITY ONE INC**  
**Statement of Revenues, Expenses and Other Changes**  
**In Net Assets-Modified Cash Basis**  
**For the Year Ended December 31, 2017**

		% of Revenues
<b>REVENUES</b>		
Contributions	\$ 249,570	36.65
Grants	178,813	0.00
Special Programs	142,800	20.97
Fundraising	37,028	5.44
Rehab Homes	48,883	7.18
Interest Income	1,528	0.22
Other Income	22,341	3.28
<b>TOTAL REVENUES</b>	<b>680,963</b>	<b>100.00</b>
<b>EXPENSES</b>		
Salaries & Wages	317,133	46.57
Payroll Taxes	18,051	2.65
Employee Benefits	17,463	2.56
Banking & Credit Card Fees	801	0.12
Books, Subscriptions & Reference	457	0.07
Dues, Fees & Licenses	1,300	0.19
Insurance	3,982	0.58
Legal	490	0.07
Training & Development	2,845	0.42
Meetings	9,964	1.46
Office Rent	7,670	1.13
Office Expenses	34,833	5.12
Office Utilities	3,055	0.45
Postage & Shipping	1,193	0.18
Professional Services & Fees	54,436	7.99
Travel & Mileage	4,703	0.69
Vehicle	3,056	0.45
Warehousing	859	0.12
Information Technology	6,505	0.95
Media, Marketing & Events	30,988	4.55
Rehab	87,137	12.80
Repairs	7,899	1.16
Acts of Love	172	0.03
Community Development	24,839	3.65
Depreciation	1,415	0.21
<b>TOTAL EXPENSES</b>	<b>641,246</b>	<b>94.17</b>
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>39,717</b>	<b>5.83</b>
<b>CHANGE IN NET ASSETS</b>	<b>39,717</b>	<b>5.83 %</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>791,121</b>	
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 830,838</b>	

**COMMUNITY ONE INC**  
**Statement of Functional Expenses - Modified Cash Basis**  
**For the Year Ended December 31, 2017**

	<u>Program Activities</u>		<u>Supporting Activities</u>	<u>Total Expenses</u>
	<u>Programs</u>	<u>Special Programs</u>	<u>Administrative</u>	
<b><u>Expenses</u></b>				
Salaries & Wages	\$ 161,978	\$ 101,146	\$ 54,009	\$ 317,133
Payroll Taxes	11,720	2,423	3,908	18,051
Employee Benefits	11,267	765	5,431	17,463
Banking & Credit Card Fees	0	0	801	801
Books, Subscriptions & Reference	0	0	457	457
Dues, Fees & Licenses	1,030	0	270	1,300
Insurance	0	0	3,982	3,982
Legal	0	0	490	490
Training & Development	260	0	2,585	2,845
Meetings	0	6,539	3,425	9,964
Office Rent	0	0	7,670	7,670
Office Expenses	9,121	21,180	4,532	34,833
Office Utilities	0	0	3,055	3,055
Postage & Shipping	0	0	1,193	1,193
Professional Services & Fees	11,945	34,959	7,532	54,436
Travel & Mileage	0	3,269	1,434	4,703
Vehicle	52	0	3,004	3,056
Warehousing	0	0	859	859
Information Technology	0	0	6,505	6,505
Media, Marketing & Events	0	0	30,988	30,988
Rehab	87,137	0	0	87,137
Repairs	7,899	0	0	7,899
Acts of Love	172	0	0	172
Community Development	24,839	0	0	24,839
Total Expenses before Depreciation	327,420	170,281	142,130	639,831
Depreciation	0	0	1,415	1,415
	<u>\$ 327,420</u>	<u>\$ 170,281</u>	<u>\$ 143,545</u>	<u>\$ 641,246</u>

**COMMUNITY ONE INC**  
**Statement of Cash Flows - Modified Cash Basis**  
**For the Year Ended December 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	2017
Net Income (Loss)	\$ 39,717
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	1,415
Decrease (Increase) in Operating Assets:	
Real Estate Inventory	15,714
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	3,457
Total Adjustments	<u>20,586</u>
Net Cash Provided By (Used In) Operating Activities	<u>60,303</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Expenditures	<u>(2,319)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(2,319)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Net Cash Provided By (Used In) Financing Activities	<u>0</u>
 Net Increase (Decrease) In Cash and Cash Equivalents	57,984
Beginning Cash and Cash Equivalents	<u>674,930</u>
Ending Cash and Cash Equivalents	<u>\$ 732,914</u>

**COMMUNITY ONE INC**  
**Notes to Financial Statements**  
**December 31, 2017**

Note 1 Basis of Accounting

The accounting records and accompanying financial statements have been maintained and prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). As permitted for modified cash basis reporting purposes, the Organization has not implemented all of the financial reporting requirements of GAAP.

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Note 2 Summary of Significant Accounting Policies

Nature of Activities

The Organization was formed in 2010. The Organization is a not-for-profit corporation operating in Evansville, Indiana and is engaged in housing restoration programs and neighborhood revitalization initiatives in under resourced urban neighborhoods.

Income Tax Status

Community One Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

The Organization has cash and cash equivalents which includes checking, savings and money market accounts.

The Organization has two accounts at one banking institution in Evansville, Indiana. At December 31, 2017 the Organization had \$129,453 in excess of the FDIC limit of \$250,000.

The Organization has one account at a separate banking institution in Evansville, Indiana. At December 31, 2017 the Organization had \$3,233 in excess of the FDIC limit of \$250,000.

The Organization has one account at a separate banking institution in Evansville, Indiana that does not exceed FDIC limits.

Restricted Cash

The Organization does recognize donor and grantor imposed restrictions for use in specific projects or initiatives. As of December 31, 2017 the Organization held no restricted cash.

Designated Funds

The Organization internally designates certain funds to be used for specific projects. As of December 31, 2017, \$244,859 was in the Sustainable Housing Rehab Fund. These funds are used to rehabilitate homes. When the homes are sold the proceeds are used to replenish the fund.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of 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 the estimates.

Donated Services and In-kind Support

The Organization receives donated services from members of the Board of Directors and volunteers. No amounts have been recognized in the accompanying statement of revenues, expenses and other changes in net assets - modified cash basis because the criteria for recognition of such volunteer effort has not been satisfied.

The Organization receives non cash contributions, such as publicly held stock, which are included in revenue at estimated fair value at the date of donation.

**COMMUNITY ONE INC**  
**Notes to Financial Statements**  
**December 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. These costs are all program related and pertain to the mission of the Organization.

Date of Management's Review

Management has evaluated subsequent events through January 26, 2019, the date on which the financial statements were available to be issued.

Depreciation and Amortization

Property and equipment are recorded at cost and are depreciated over the estimated useful life of the related asset. The Organization's capitalization policy requires purchases exceeding \$2,000 and with an economic life greater than twelve months to be capitalized. Maintenance, repairs and minor renewals are expensed as incurred. The Company provides for depreciation of property and equipment for financial reporting purposes using the straight-line method at rates designed to depreciate the cost of such assets over their estimated useful lives. Expenditures for maintenance and repairs, which do not significantly improve or extend the life of the respective assets, are charged to expense.

Support and Revenue

The Organization is highly dependent on the financial support from the community including individuals and businesses. The Organization also receives support through various grants.

Revenue Recognition

The Organization recognizes contribution support when the donor's contributions are received.

Note 3 Land, Building, and Equipment

	<u>December 31, 2017</u>
Equipment	\$ 5,855
Vehicles	4,000
	<u>9,815</u>
Less Accumulated Depreciation	(7,235)
	<u>\$ 2,620</u>

Note 4 Lease

The Organization entered into an operating lease for premises located at 400 South Green River Road on February 1, 2014 for a period of 35 months. Monthly rent is charged at \$469 per month, common area maintenance (CAM) charges are assessed and payable in the amount of \$75 per month and utilities are assessed and payable in the amount of \$235 per month. The lease contained an option to renew the lease for two successive additional renewal terms of one year at the same rate as the initial term. This lease expired December 31, 2018. Total rent for 2017 was \$7,676. The Organization renewed for an additional one year period on December, 31 2017. The minimum future rent payments at December 31, 2017 were \$5,628.

Effective January 1, 2019, the Organization entered into a new month-to-month lease at the same location at the same rate.

Note 5 Significant Donors

Contributions from two donors amounted to \$160,798, or 23.6% of the total revenues at December 31, 2017. Donors are classified as significant if their donations equate to 10% or more of revenues.



**COMMUNITY ONE INC**  
**Notes to Financial Statements**  
**December 31, 2017**

Note 6 Subsequent Events

Rehabilitation homes located at 914 Mary Street and 610 Madison Avenue were sold in 2018.

The ECT (Evansville City Transformation) program obtained a separate EIN in 2018. In December 2018, ECT filed for 501(c)(3) status under the new organization named For Evansville, Inc. ECT works to create a city where people prioritize the holistic well-being of all people. The ECT revenues and expenses for 2017 were \$142,800 and \$142,826, respectively.

Management has evaluated events and transactions for potential recognition or disclosure through February 05, 2019, the date the financial statements were available to be issued. Management has determined that no additional events occurring after the date of the balance sheet substantially affect the amounts, presentation, and disclosure of the accompanying financial statements.

Note 7 Real Estate Inventory

The real estate inventory of \$98,757 included in other assets represent the costs associated with homes that are being rehabilitated for the purpose of selling to low-income families in underserved neighborhoods.

Note 8 Fundraising Costs

The Organization incurred direct fundraising costs of \$25,508 in 2017.