

***Williamson County Homeless Alliance***  
(A Nonprofit Corporation)

**Financial Statements**

**With Independent Auditors' Report Thereon**

For the Year Ended December 31, 2021

**H A Beasley & Company, PLLC**  
**Certified Public Accountants**  
Murfreesboro, Tennessee

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# **Williamson County Homeless Alliance**

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**H A Beasley  
& Company, PLLC**  
Certified Public Accountants

*Independent Auditors' Report*

To the Board of Directors and Management of  
Williamson County Homeless Alliance

***Opinion***

We have audited the financial statements of Williamson County Homeless Alliance, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Williamson County Homeless Alliance as of December 31, 2021, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Williamson County Homeless Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Williamson County Homeless Alliance's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***A Positive Difference Through Professional Accounting Service***

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Williamson County Homeless Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Williamson County Homeless Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*H A Beasley & Company PLLC*

H A Beasley & Company, PLLC  
September 14, 2022

**WILLIAMSON COUNTY HOMELESS ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 113,157
Grant receivable	153,736
Prepaid expenses	<u>1,498</u>
Total current assets	268,391

PROPERTY AND EQUIPMENT, NET	<u>732,618</u>
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TOTAL ASSETS	<u>\$ 1,001,009</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current maturities of notes payable	\$ 82,767
Accounts payable	45,784
Accrued expenses	<u>3,628</u>
Total current liabilities	132,179

LONG-TERM LIABILITIES

Notes payable, less current maturities	<u>305,556</u>
Total long-term liabilities	<u>305,556</u>

TOTAL LIABILITIES	437,735
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NET ASSETS

Without donor restrictions	563,274
With donor restrictions	<u>-</u>
TOTAL NET ASSETS	<u>563,274</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,001,009</u>
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See accompanying notes to financial statements and independent auditors' report.

**WILLIAMSON COUNTY HOMELESS ALLIANCE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Individual donations	\$ 385,661	\$ -	\$ 385,661
In-kind donations	26,949	-	26,949
Grants	<u>483,932</u>	<u>-</u>	<u>483,932</u>
Totals	896,542	-	896,542
Net assets released from donor restrictions:			
Satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	896,542	-	896,542
Expenses			
Program services	313,018	-	313,018
Management and general	<u>20,217</u>	<u>-</u>	<u>20,217</u>
Total expenses	333,235	-	333,235
Other expense			
Interest expense	<u>8,282</u>	<u>-</u>	<u>8,282</u>
Total other expense	<u>8,282</u>	<u>-</u>	<u>8,282</u>
CHANGE IN NET ASSETS	555,025	-	555,025
NET ASSETS AT BEGINNING OF YEAR	<u>8,249</u>	<u>-</u>	<u>8,249</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 563,274</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 563,274</u></u>

See accompanying notes to financial statements and independent auditors' report.

**WILLIAMSON COUNTY HOMELESS ALLIANCE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Totals
Compensation and related expenses:			
Wages	\$ 75,039	\$ -	\$ 75,039
Payroll taxes	<u>5,662</u>	<u>-</u>	<u>5,662</u>
Total compensation and related expenses	80,701	-	80,701
Assistance for homelessness	191,508	2,750	194,258
Bank charges	-	1,090	1,090
Contract services	15,202	-	15,202
Software	-	677	677
Depreciation expense	-	2,544	2,544
Insurance	1,196	1,800	2,996
Supplies	15,106	326	15,432
Property taxes	-	1,907	1,907
Professional fees	5,383	400	5,783
Rent	-	8,000	8,000
Travel	260	-	260
Utilities	3,662	-	3,662
Other expenses	<u>-</u>	<u>723</u>	<u>723</u>
Total functional expenses	<u>\$ 313,018</u>	<u>\$ 20,217</u>	<u>\$ 333,235</u>

See accompanying notes to financial statements and independent auditors' report.

**WILLIAMSON COUNTY HOMELESS ALLIANCE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 555,025
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,544
Increase in operating assets:	
Grant receivable	(153,736)
Prepaid expenses	(1,498)
Increase in operating liabilities:	
Accounts payable	45,784
Accrued expenses	<u>3,628</u>
Net cash provided by operating activities	451,747
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	<u>(735,162)</u>
Net cash used in investing activities	(735,162)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from notes payable	395,000
Principal payments of notes payable	(6,677)
Proceeds from line of credit	12,000
Payments of line of credit	<u>(12,000)</u>
Net cash provided by financing activities	<u>388,323</u>
Net increase in cash and cash equivalents	104,908
Beginning cash and cash equivalents	<u>8,249</u>
Ending cash and cash equivalents	<u><u>\$ 113,157</u></u>

See accompanying notes to financial statements and independent auditors' report.



**WILLIAMSON COUNTY HOMELESS ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Williamson County Homeless Alliance (the “Organization”), which was formed in June of 2020, is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is located in Franklin, Tennessee. Its purpose is to provide assistance to those experiencing homelessness through emergency, temporary, transitional, and permanent housing solutions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Basis of Presentation

The Organization presents its financial statements in accordance with *Financial Accounting Standards Board* (“FASB”) *Accounting Standards Codification* (“ASC”) 958, *Financial Statements for Not-for-Profit Entities*. Accordingly, the Organization reports information regarding its financial position and activities according to the two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization. Net assets without donor restrictions may be designated for specific purposes by the Organization’s board of directors.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as revenue with restrictions, when received, and such unexpended amounts are reported as net assets with restrictions at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from donor restrictions.” Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with an initial maturity date of three months or less.

**WILLIAMSON COUNTY HOMELESS ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment, Net

Property and equipment are recorded at cost or, for donated items, at the estimated fair value as of the date received. The Organization capitalizes all property and equipment expenditures with a cost of \$1,000 or more. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected on the statement of activities.

For financial statement purposes, depreciation is computed using the straight-line method over the estimated useful lives of assets. Furniture, equipment and computers are depreciated over a range of 5-7 years, and buildings are depreciated over 39 years.

Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in temporarily restricted net assets. When restrictions are considered met, an appropriate amount is reclassified to unrestricted net assets. The useful lives of the long-lived assets are calculated based on the Organization's depreciation policy.

Contributions and Other Income

*ASU No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* requires three classifications of contributions received in the current year: conditional, unconditional with donor restrictions, or unconditional without donor restrictions. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional contributions, including unconditional promises to give are recognized as revenue in the period received. Contributions of assets and specialized services are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Functional Expenses

The cost of providing the program activities and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Accordingly, certain costs have been allocated among the program services and management and general based on estimates made by management. All expenses are allocated based on time and effort. During the year ended December 31, 2021 the Organization did not have any fundraising expenses.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) whereby only unrelated business income, as defined in Section 512(a)(1) of the Code, is subject to federal income tax. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2018, and to state tax authorities for years before 2016.

The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain positions has been recorded for the year ended December 31, 2021.

**WILLIAMSON COUNTY HOMELESS ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE B – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net is composed of the following as of December 31, 2021:

Land	\$ 197,657
Building	516,523
Furniture and equipment	<u>20,982</u>
Totals	735,162
Less: Accumulated depreciation	<u>(2,544)</u>
Total property and equipment, net	<u><u>\$ 732,618</u></u>

For the year ended December 31, 2021, depreciation expense totaled \$2,544.

The cost of the building includes rehabilitation costs totaling \$207,349 in the year ended December 31, 2021, which were covered as part of a grant received from the Tennessee Housing Development Agency.

**NOTE C – GRANT RECEIVABLE**

The Organization has a grant receivable totaling \$153,736 as of December 31, 2021, which is the amount of a reimbursable grant to be received after year end for expenses incurred during the year ended December 31, 2021.

**NOTE D – ACCRUED EXPENSES**

Accrued expenses are comprised of accrued payroll liabilities of \$1,923 and accrued interest expense of \$1,705 for total accrued expenses of \$3,628 as of December 31, 2021.

**NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization is supported in part by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As such, some financial assets may not be available for general expenditure within one year.

**WILLIAMSON COUNTY HOMELESS ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

The following reflects the Organization’s assets as of December 31, 2021, reduced by amounts not available for general use within one year of the date of the statement of financial position because of a contractual or donor imposed restriction.

Financial assets as of year-end:	
Cash and equivalents	\$ 113,157
Grant receivable	153,736
Prepaid expenses	<u>1,498</u>
Total financial assets as of year-end	268,391
Less amounts unavailable for general expenditures within one year:	
Contractual or donor-imposed restrictions	<u>-</u>
Total unavailable for general expenditures within one year	<u>-</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 268,391</u></u>

**NOTE F – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with temporary donor restrictions received during the year ended December 31, 2021 totaled \$733,932. The amount of net assets released from donor restrictions totaled \$733,932. This amount was released due to incurring expenses the purchase of the transition home, the transition home rehabilitation, and providing various forms of financial support and assistance. Since these donations were received and used within the same year, they are shown on the statement of activities as donations without donor restrictions.

As of December 31, 2021, \$-0- of net assets remained restricted.

**NOTE G – NOTES PAYABLE**

The notes payable at December 31, 2021 are as follows:

Note payable to a related party of \$70,000, bearing interest at a rate of 0%. There are no specified payment terms or maturity date on this note.	\$ 70,000
Note payable to a bank of \$325,000 bearing interest at a rate of 3.5%; requiring monthly principal and interest payments of \$1,893 on the outstanding balance. This note matures in April 2026 and is secured by certain real property.	<u>318,323</u>
Total notes payable	\$ 388,323
Less: Current maturities of notes payable	<u>(82,767)</u>
Note payable, less current maturities	<u><u>\$ 305,556</u></u>

**WILLIAMSON COUNTY HOMELESS ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE G – NOTES PAYABLE (CONTINUED)**

Future maturities of notes payable are as follows as of December 31:

<u>December 31,</u>	
2022	\$ 82,767
2023	12,222
2024	12,656
2025	13,107
2026	<u>267,571</u>
Total	<u>\$ 388,323</u>

**NOTE H – REVOLVING LINE OF CREDIT**

The Organization maintains a revolving line of credit with a bank of \$20,000 bearing interest at a rate equal to the Wall Street Journal U.S. prime rate, but not below 4.5%, with a maturity date of September 2022. As of December 31, 2021, the interest rate was 4.5%. The revolving line of credit is collateralized by all property owned by the Organization. As of December 31, 2021, the amount outstanding on the revolving line of credit totaled \$-0-.

**NOTE I – IN-KIND DONATIONS**

The organization received donated bookkeeping services throughout the year ended December 31, 2021 totaling \$3,949. The Organization also received the use of donated office space totaling \$8,000 and donated furniture and equipment that was used in the transition home totaling \$15,000 during the year ended December 31, 2021. In-kind donations for the year ended December 31, 2021 totaled \$26,949.

**NOTE J - CONCENTRATION OF RISK**

At times throughout the year, the Organization may maintain cash balances in certain accounts in excess of the Federal Deposit Insurance Corporation ("FDIC") limit which is \$250,000 for substantially all depository accounts. As of December 31, 2021, the Organization had no funds in excess of the FDIC limits.

During the year ended December 31, 2021, the Organization received \$483,932 from a grant which represents 54% of total support received.

The Organization receives contributions from donors mainly in the middle Tennessee area. If the economic conditions in this area were to deteriorate, there is a risk that donors could reduce their charitable giving and the Organization could experience difficulty in continuing operations.

**NOTE K – RELATED PARTY NOTE PAYABLE**

During the year ended December 31, 2021 the Organization was loaned \$70,000 from a church. A member of the church's leadership team is also a co-founder of the Organization. This amount is included in the current portion of notes payable on the statement of financial position as of December 31, 2021.

**WILLIAMSON COUNTY HOMELESS ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE L – CASH FLOW INFORMATION**

During the year ended December 31, 2021, the Organization made interest payments totaling \$6,577. There were no payments of income taxes during the year ended December 31, 2021.

**NOTE M - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 14, 2022, which is the date the financial statements were available to be issued.

Management is continuing to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position, and results of its operations and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

There have been no other adjustments to the financial statements to include any subsequent transactions or events.