

**DELAWARE
HOUSING COALITION, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

JUNE 30, 2008

DELAWARE HOUSING COALITION, INC.

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INDEPENDENT AUDITORS' REPORT

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October 31, 2008

To the Board of Directors
Delaware Housing Coalition, Inc.
Dover, Delaware

We have audited the accompanying statement of financial position of Delaware Housing Coalition, Inc. (a nonprofit organization) as of June 30, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated October 19, 2007, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Delaware Housing Coalition, Inc., as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Barbacane, Thornton & Company

BARBACANE, THORNTON & COMPANY

**DELAWARE HOUSING COALITION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 87,973	\$ 97,107
Restricted cash	559	12,168
Prepaid expenses	1,560	1,470
Total Current Assets	<u>90,092</u>	<u>110,745</u>
Furniture and equipment	22,179	21,529
Less: Accumulated depreciation	(21,362)	(20,382)
Furniture and Equipment - Net	<u>817</u>	<u>1,147</u>
TOTAL ASSETS	<u>\$ 90,909</u>	<u>\$ 111,892</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 232	\$ 240
Accrued vacation	3,688	4,537
Total Current Liabilities	<u>3,920</u>	<u>4,777</u>
NET ASSETS:		
Unrestricted	86,430	94,947
Temporarily restricted	559	12,168
Total Net Assets	<u>86,989</u>	<u>107,115</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 90,909</u>	<u>\$ 111,892</u>

The accompanying notes are an integral part of these financial statements.

DELAWARE HOUSING COALITION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(With Summarized Totals for 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Government grants	\$ 43,300	\$ -	\$ 43,300	\$ 41,300
Contributions	55,673	24,500	80,173	79,790
Foundation grants	-	60,000	60,000	182,000
Donated services	3,897	-	3,897	3,730
Total Public Support	<u>102,870</u>	<u>84,500</u>	<u>187,370</u>	<u>306,820</u>
Revenue:				
Membership dues	3,233	-	3,233	3,555
Interest	1,288	-	1,288	1,158
Miscellaneous	635	-	635	-
Total Revenue	<u>5,156</u>	<u>-</u>	<u>5,156</u>	<u>4,713</u>
Net assets released from restriction:				
Satisfaction of program restrictions	<u>96,109</u>	<u>(96,109)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>204,135</u>	<u>(11,609)</u>	<u>192,526</u>	<u>311,533</u>
EXPENSES				
Program Services:				
Tenant opportunities	-	-	-	135,966
Homelessness and poverty	-	-	-	27,692
Education and research	136,994	-	136,994	76,810
Policy and advocacy	60,099	-	60,099	-
Total Program Services	<u>197,093</u>	<u>-</u>	<u>197,093</u>	<u>240,468</u>
Administrative and general	<u>15,559</u>	<u>-</u>	<u>15,559</u>	<u>16,043</u>
TOTAL EXPENSES	<u>212,652</u>	<u>-</u>	<u>212,652</u>	<u>256,511</u>
CHANGE IN NET ASSETS	<u>(8,517)</u>	<u>(11,609)</u>	<u>(20,126)</u>	<u>55,022</u>
NET ASSETS, BEGINNING OF YEAR	<u>94,947</u>	<u>12,168</u>	<u>107,115</u>	<u>52,093</u>
NET ASSETS, END OF YEAR	<u>\$ 86,430</u>	<u>\$ 559</u>	<u>\$ 86,989</u>	<u>\$ 107,115</u>

The accompanying notes are an integral part of these financial statements.

DELAWARE HOUSING COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
(With Summarized Totals for 2007)

	Support Services			Administrative and General	Totals	
	Education and Research	Policy and Advocacy	Total Program Services		2008	2007
Salaries	\$ 68,167	\$ 22,444	\$ 90,611	\$ 8,607	\$ 99,218	\$ 138,211
Payroll taxes	5,314	1,694	7,008	693	7,701	10,704
Benefits	12,298	3,921	16,219	1,604	17,823	18,337
Total Payroll-related Expenses	85,779	28,059	113,838	10,904	124,742	167,252
Consumables	1,824	1,824	3,648	406	4,054	4,954
Contract services	32,000	12,825	44,825	-	44,825	46,731
Copying/Printing	2,820	2,820	5,640	627	6,267	5,624
Depreciation	441	441	882	98	980	1,340
Development and training	-	-	-	385	385	1,392
Insurance	1,407	1,407	2,814	312	3,126	3,610
Memberships and registrations	288	288	576	64	640	469
Miscellaneous	30	30	60	7	67	46
Postage	1,265	1,265	2,530	280	2,810	2,610
Professional services	2,790	2,790	5,580	620	6,200	6,002
Rent	2,835	2,835	5,670	630	6,300	5,970
Repairs and maintenance	218	218	436	48	484	79
Small equipment purchases	-	-	-	-	-	520
Subscriptions and publications	976	976	1,952	216	2,168	1,825
Telephone	2,199	2,199	4,398	489	4,887	4,249
Travel	1,094	1,094	2,188	244	2,432	2,305
Workshops and events	1,028	1,028	2,056	229	2,285	1,533
TOTAL EXPENSES	\$ 136,994	\$ 60,099	\$ 197,093	\$ 15,559	\$ 212,652	\$ 256,511

The accompanying notes are an integral part of these financial statements.

DELAWARE HOUSING COALITION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (20,126)	\$ 55,022
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	980	1,340
(Increase) Decrease in prepaid expenses	(90)	114
(Decrease) Increase in accrued vacation	(849)	710
(Decrease) in accounts payable	(8)	(1,455)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(20,093)</u>	<u>55,731</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	<u>(650)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(650)</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,743)	55,731
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>109,275</u>	<u>53,544</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 88,532</u></u>	<u><u>\$ 109,275</u></u>
 SUPPLEMENTAL DISCLOSURES:		
Cash:		
Unrestricted	\$ 87,973	\$ 97,107
Restricted	559	12,168
	<u><u>\$ 88,532</u></u>	<u><u>\$ 109,275</u></u>
 Taxes paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

DELAWARE HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A THE ORGANIZATION

Delaware Housing Coalition, Inc. is a not-for-profit organization governed by a volunteer board which oversees the activities of the Organization. The mission of Delaware Housing Coalition, Inc. is to be an advocate for safe, decent and affordable housing throughout the State of Delaware. The Organization works with grassroots constituencies in order to develop their power and to foster future problem solvers and leaders. The goal of the Organization is to affect, impact and shape the environment relating to housing.

The programs currently operated by Delaware Housing Coalition, Inc. are as follows:

Education and Research - Delaware Housing Coalition, Inc. encourages the flow of information regarding a host of affordable housing issues through the research and publication of printed and electronic housing studies, reports and guides.

Policy and Advocacy - Delaware Housing Coalition, Inc. works to advance better affordable housing policy through efforts to raise awareness of new and innovative policy alternatives and their adoption in Delaware.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Delaware Housing Coalition, Inc. have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

DELAWARE HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

Delaware Housing Coalition, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

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

Donated Materials and Services

Contributed services are not recognized as revenues unless the services received create or enhance the value of a nonfinancial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by volunteers. The total value of these services received for the years ended June 30, 2008 and 2007 amounted to \$3,897 and \$3,730, respectively.

Use of Estimates in the Preparation of Financial Statements

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

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

DELAWARE HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C RESTRICTED CASH

Certain cash is restricted by the donors for specific purposes. Restricted cash as of June 30, 2008 and 2007 amounted to \$559 and \$12,168, respectively.

NOTE D FURNITURE AND EQUIPMENT AND DEPRECIATION

Furniture and equipment are stated at cost if purchased. Donated facilities and equipment are recorded at their fair market values at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts and any gains or losses on such disposition are recognized in the statement of activities. It is the policy of Delaware Housing Coalition, Inc. to capitalize items with an initial cost equal to or greater than \$500. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The following is a schedule of the estimated useful lives:

Furniture and equipment	10 years
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Depreciation expense totaled \$980 and \$1,340 during fiscal years 2008 and 2007, respectively.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 support. 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 temporarily restricted net assets to unrestricted net assets at that time.

NOTE F COMPENSATED ABSENCES

In accordance with the provisions of SFAS No. 43, "Accounting for Compensated Absences," the Organization has recorded a vacation pay accrual in the financial statements. The Organization's policy is to permit employees to carry forward 35 hours of vacation pay into following years. The total value of the accrual as of June 30, 2008 and 2007 was \$3,688 and \$4,537, respectively.

DELAWARE HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE G RESTRICTIONS ON NET ASSETS

As of June 30, 2008 and 2007, temporarily restricted net assets are as follows:

	<u>2008</u>	<u>2007</u>
HCBP - Grassroots Housing Opportunity	\$ -	\$ 210
Various Nonprofits - Lobbying Efforts	-	7,000
JPMorgan- Affordable Housing Project	559	-
NCP Speer Fund - Cooperative Development	-	4,958
	<u>\$ 559</u>	<u>\$ 12,168</u>

NOTE H RETIREMENT PLAN

The Organization has a 403(b) tax-deferred annuity plan (the "Plan") covering all employees upon hire who elect to participate in the Plan. The Organization does not make contributions to the Plan for employees. Enrollment in the Plan is at the discretion of the employee.

NOTE I OPERATING LEASE

The Organization leases office space under a year-to-year lease. Annual rent under the operating lease totaled \$6,300 and \$5,970 for the years ended 2008 and 2007, respectively.

NOTE J CONCENTRATIONS

The Organization received 22 and 13 percent of its revenues from the State of Delaware's Grant-in-Aid program during 2008 and 2007, respectively. The continued operation of the Organization may be dependent upon the continuation of this relationship.

NOTE K CONCENTRATION OF CREDIT RISK

The Organization maintains its checking account and money market account with Wilmington Trust Bank, which is covered under the Federal Deposit Insurance Corporation (FDIC). The accounts are insured by the FDIC up to \$100,000 per depositor. At June 30, 2008 and 2007, the Organization had uninsured cash balances of \$0 and \$21,782, respectively, with Wilmington Trust Bank.