



**COMMITTEE ON TEMPORARY SHELTER, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2013 AND 2012**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMITTEE ON TEMPORARY SHELTER, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2013 AND 2012**

**COMMITTEE ON TEMPORARY SHELTER, INC.**

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**SEPTEMBER 30, 2013 AND 2012**

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VT License #92-0000171

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Committee on Temporary Shelter, Inc.  
Burlington, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of Committee on Temporary Shelter, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended September 30, 2013, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation 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 preparation and fair presentation of 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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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 Committee on Temporary Shelter, Inc. as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information on pages 21 - 25, including the schedule of expenditures of federal awards on pages 21 - 22, which is required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2014 on our consideration of Committee on Temporary Shelter, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Committee on Temporary Shelter, Inc.'s internal control over financial reporting and compliance.

*Jmm & Associates*

March 20, 2014

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash - unrestricted	\$ (159,249)	\$ 1,198
Cash - restricted	525,779	80,000
Grants and contracts receivable	194,336	155,978
Prepaid expenses	31,044	56,839
Current portion of gifts receivable	80,000	-
Rents receivable	1,034	-
	<u>672,944</u>	<u>294,015</u>
<b>TOTAL CURRENT ASSETS</b>		
	<u>672,944</u>	<u>294,015</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land, buildings, and equipment	5,204,927	4,946,537
Less accumulated depreciation	<u>(2,050,269)</u>	<u>(1,876,851)</u>
	<u>3,154,658</u>	<u>3,069,686</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>		
	<u>3,154,658</u>	<u>3,069,686</u>
<b>OTHER ASSETS</b>		
Restricted cash	118,722	83,500
Gifts receivable, net	140,000	-
Investments	<u>1,299,987</u>	<u>1,345,187</u>
	<u>1,558,709</u>	<u>1,428,687</u>
<b>TOTAL OTHER ASSETS</b>		
	<u>1,558,709</u>	<u>1,428,687</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,386,311</u>	<u>\$ 4,792,388</u>

See accompanying notes.

## LIABILITIES AND NET ASSETS

	2013	2012
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 92,000	\$ 38,000
Accounts payable	23,437	36,484
Accrued payroll and related taxes	80,661	74,892
Accrued vacation	57,072	42,689
Accrued expenses	47,407	31,586
Deferred revenue	29,470	11,493
<b>TOTAL CURRENT LIABILITIES</b>	<b>330,047</b>	<b>235,144</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	652,363	744,430
Security deposits payable	5,012	4,992
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>657,375</b>	<b>749,422</b>
<b>TOTAL LIABILITIES</b>	<b>987,422</b>	<b>984,566</b>
<b>NET ASSETS</b>		
Unrestricted:		
Designated:		
Smith House	35,991	35,991
Main Street capital	228,766	228,766
Waystation	20,000	20,000
Undesignated	2,510,315	2,520,618
Total unrestricted	2,795,072	2,805,375
Temporarily restricted	1,603,817	1,002,447
<b>TOTAL NET ASSETS</b>	<b>4,398,889</b>	<b>3,807,822</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,386,311</b>	<b>\$ 4,792,388</b>

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

CHANGE IN UNRESTRICTED NET ASSETS

	<u>2013</u>	<u>2012</u>
<b>SUPPORT AND REVENUE</b>		
Public contributions	\$ 1,405,836	\$ 1,391,740
Program grants	1,250,196	1,235,326
United Way	126,340	143,526
Rent and program income	351,831	343,370
Donated rent and services	40,990	86,237
Miscellaneous income	76,731	18,210
Investment income, net	71,023	143,204
Subtotal - Support and Revenue	<u>3,322,947</u>	<u>3,361,613</u>
Net assets released from restrictions	<u>151,985</u>	<u>124,520</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>3,474,932</u>	<u>3,486,133</u>
<b>EXPENSES</b>		
Program services:		
Veterans housing	211,055	210,630
Prevention services	476,966	400,351
Family shelters	822,380	708,908
Family case management	224,264	205,248
Individual shelters	582,492	565,448
Individual case management	210,634	233,679
Transitional housing	63,327	111,444
Permanent housing	279,366	307,392
Overflow emergency shelters	-	470,677
Total Program services	<u>2,870,484</u>	<u>3,213,777</u>
Support services:		
General and administrative	241,628	236,072
Fundraising	388,123	325,445
Total Support services	<u>629,751</u>	<u>561,517</u>
<b>TOTAL EXPENSES</b>	<u>3,500,235</u>	<u>3,775,294</u>
<b>TOTAL CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>(25,303)</u>	<u>(289,161)</u>
<b>OTHER INCOME</b>		
Donated assets	15,000	9,572
<b>TOTAL OTHER INCOME</b>	<u>15,000</u>	<u>9,572</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>(10,303)</u>	<u>(279,589)</u>
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	<u>2,805,375</u>	<u>3,084,964</u>
<b>ENDING UNRESTRICTED NET ASSETS</b>	<u>\$ 2,795,072</u>	<u>\$ 2,805,375</u>

See accompanying notes.



COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 419,455	\$ 10,000
Capital gifts	333,900	-
	<u>753,355</u>	<u>10,000</u>
Net assets released from restrictions	<u>(151,985)</u>	<u>(124,520)</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>601,370</u>	<u>(114,520)</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	601,370	(114,520)
<b>BEGINNING TEMPORARILY RESTRICTED NET ASSETS</b>	<u>1,002,447</u>	<u>1,116,967</u>
<b>ENDING TEMPORARILY RESTRICTED NET ASSETS</b>	<u>\$ 1,603,817</u>	<u>\$ 1,002,447</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 591,067</u>	<u>\$ (394,109)</u>

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>Veterans Housing</u>	<u>Prevention Services</u>	<u>Family Shelters</u>	<u>Family Case Management</u>	<u>Individual Shelters</u>	<u>Individual Case Management</u>	<u>Transitional Housing</u>
Salaries and wages	\$ 40,497	\$ 242,096	\$ 487,371	\$ 138,469	\$ 342,706	\$ 147,495	\$ 12,863
Payroll taxes	3,381	19,742	40,833	10,899	28,624	12,096	1,027
Fringe benefits	7,913	31,262	96,831	25,808	57,451	16,634	1,744
Total Personnel	<u>51,791</u>	<u>293,100</u>	<u>625,035</u>	<u>175,176</u>	<u>428,781</u>	<u>176,225</u>	<u>15,634</u>
Occupancy	138,911	14,811	97,757	11,386	54,146	9,923	25,880
Depreciation	7,443	11,193	33,149	10,911	14,868	1,777	16,341
Office expenses	4,612	17,042	13,925	12,390	12,190	11,271	1,228
Homelessness prevention	-	118,355	-	50	-	200	-
Other expenses	94	6,127	6,562	104	10,994	527	28
Advertising and promotion	866	1,983	1,241	344	884	493	39
Client supplies and activities	673	1,442	24,019	3,162	7,329	4,886	1,001
Insurance	2,533	1,637	6,988	1,592	5,759	466	2,216
Donated rent and services	-	-	3,583	-	35,049	326	-
Interest	329	6,915	3,387	6,746	2,822	1,159	311
Accounting	1,069	2,777	5,930	2,003	4,927	2,023	542
Legal	2,406	537	443	246	4,143	762	84
Training and development	87	527	162	106	159	116	7
Travel	241	520	199	48	441	480	16
<b>TOTAL EXPENSES</b>	<u>\$ 211,055</u>	<u>\$ 476,966</u>	<u>\$ 822,380</u>	<u>\$ 224,264</u>	<u>\$ 582,492</u>	<u>\$ 210,634</u>	<u>\$ 63,327</u>

See accompanying notes.

	<u>Permanent Housing</u>	<u>Total Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>2013 Total</u>	<u>2012 Total</u>
Salaries and wages	\$ 27,529	\$ 1,439,026	\$ 132,794	\$ 177,892	\$ 1,749,712	\$ 1,864,467
Payroll taxes	2,215	118,817	10,763	14,918	144,498	156,895
Fringe benefits	3,085	240,728	47,155	18,332	306,215	277,716
Total Personnel	<u>32,829</u>	<u>1,798,571</u>	<u>190,712</u>	<u>211,142</u>	<u>2,200,425</u>	<u>2,299,078</u>
Occupancy	159,513	512,327	5,638	5,831	523,796	642,337
Depreciation	60,287	155,969	11,018	6,431	173,418	204,113
Office expenses	3,409	76,067	21,893	63,829	161,789	176,780
Homelessness prevention	(106)	118,499	-	-	118,499	58,275
Other expenses	91	24,527	770	42,219	67,516	26,147
Advertising and promotion	110	5,960	485	45,922	52,367	68,227
Client supplies and activities	1,001	43,513	-	-	43,513	88,304
Insurance	16,730	37,921	2,508	820	41,249	40,290
Donated rent and services	-	38,958	372	1,660	40,990	86,237
Interest	2,920	24,589	3,520	3,520	31,629	33,525
Accounting	1,084	20,355	3,457	3,777	27,589	28,036
Legal	1,431	10,052	483	57	10,592	17,275
Training and development	14	1,178	496	2,619	4,293	4,124
Travel	53	1,998	276	296	2,570	2,546
<b>TOTAL EXPENSES</b>	<u>\$ 279,366</u>	<u>\$ 2,870,484</u>	<u>\$ 241,628</u>	<u>\$ 388,123</u>	<u>\$ 3,500,235</u>	<u>\$ 3,775,294</u>

See accompanying notes.

**COMMITTEE ON TEMPORARY SHELTER, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants and contracts	\$ 1,229,815	\$ 1,380,152
Cash received from contributions	1,731,631	1,595,694
Rent and miscellaneous income	427,548	374,270
Interest received	47,810	51,338
Cash paid to suppliers for goods and services	(1,034,120)	(1,228,720)
Cash paid for salaries, taxes and benefits	(2,180,273)	(2,317,858)
Interest paid	(31,629)	(33,525)
	<u>190,782</u>	<u>(178,649)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(243,390)	(197,996)
Proceeds from sales of investments	414,143	631,198
Purchases of investments	(336,814)	(301,746)
	<u>(166,061)</u>	<u>131,456</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(38,067)	(36,393)
Transfers (to) from restricted cash	(481,001)	65,000
Cash received from capital gifts	333,900	-
	<u>(185,168)</u>	<u>28,607</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
<b>DECREASE IN CASH</b>	(160,447)	(18,586)
<b>BEGINNING CASH</b>	<u>1,198</u>	<u>19,784</u>
<b>ENDING CASH</b>	<u>\$ (159,249)</u>	<u>\$ 1,198</u>

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH USED BY OPERATING ACTIVITIES

	<u>2013</u>	<u>2012</u>
Change in net assets	\$ 591,067	\$ (394,109)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	173,417	204,113
Capital gifts	(333,900)	-
Unrealized (gain) loss on investments	91,606	(79,263)
Realized gain on investments	(123,734)	(21,564)
Loss on disposal of fixed assets	-	12,304
Donated assets	(15,000)	(9,572)
(Increase) decrease in:		
Rents receivable	(1,034)	2,825
Grants and contracts receivable	(38,358)	188,295
Gifts receivable	(220,000)	60,000
Prepaid expenses	25,795	(27,088)
Increase (decrease) in:		
Accounts payable	(13,047)	5,567
Accrued payroll and related taxes	5,769	(2,837)
Accrued vacation	14,383	(15,943)
Accrued expenses	15,821	(55,469)
Deferred revenue	17,977	(43,469)
Security deposits payable	20	(2,439)
Total adjustments	<u>(400,285)</u>	<u>215,460</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 190,782</u></u>	<u><u>\$ (178,649)</u></u>

See accompanying notes.

**COMMITTEE ON TEMPORARY SHELTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013 AND 2012**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of operations

Committee on Temporary Shelter, Inc. (COTS) is a nonprofit organization, incorporated in the State of Vermont on December 15, 1983. COTS is the largest service provider for the homeless and those at risk of becoming homeless in Vermont. Funding for the organization is provided by various federal, state and private grants. Additionally, contributions from individuals, foundations, businesses, religious organizations, and others provide funds to supplement grants for specific programs.

COTS provides emergency shelter, services, and housing for people who are without homes or who are marginally housed. COTS advocates for long-term solutions to end homelessness. We believe in the value and dignity of every human life; we believe that emergency shelter is not the answer to homelessness; and we believe that housing is a fundamental human right.

Programs and activities

COTS' program services include:

*Veterans Housing Project* - In February 2011, COTS opened a new facility in Winooski to provide 16 units of transitional housing for homeless veterans, or those at risk of homelessness. Veterans can live in this housing for up to two years, and will receive support services to address their complex needs and assist them in moving toward housing stability. In addition to Veterans Housing, the building provides 12 units of affordable, permanent housing for tenants meeting income requirements.

*Prevention Services* - The Housing Resource Center was opened in 2008 to prevent homelessness. This program provides housing retention, placement and comprehensive outreach services to homeless and low-income persons.

*Emergency Shelters for Families* - The Firehouse Family Shelter (opened in 1988) and Main Street Family Shelter (opened in 2002) are the only two family shelters in Chittenden County. They provide temporary shelter for 15 families with children.

*Case Management* - COTS' case managers provide one-on-one support services to families and individuals living in the community as well as in shelter – setting goals, helping them navigate the complex welfare system, connecting them with affordable childcare resources, and much more.

*Emergency Shelters for Single Adults* - The Waystation (opened in 1982) is a 36-bed emergency shelter for men and women, ages 18 and older, that provides safe and decent shelter 365 nights a year. The Daystation (opened in 1988) is a daytime drop-in center offering refuge from the streets every day from 9am - 5pm.

*Overflow Emergency Shelters* - In April 2009, COTS opened an emergency overflow shelter at the old Eagles Club on St. Paul Street in Burlington. Within the facility, the ground floor provided up to 16 additional beds for individuals and the upper level provided shelter for 10 additional families. According to the original arrangement, use of this facility was short-term in nature. The location is being developed into needed student housing in downtown Burlington, and the shelter closed in July 2012.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs and activities (continued)

*Transitional Housing* - The Smith House opened in 2002 to provide chronically homeless and hardest-to-house individuals moving out of shelter with transitional housing for up to 24 months. The Smith House has seven single-room occupancy units and full-time support personnel.

*Permanent Housing* - The Wilson Hotel (purchased in 1984) and St. John's Hall (purchased in 1991) provide 40 single-room occupancy (SRO) units and four apartments - permanent housing for formerly homeless as well as low-income senior citizens and veterans.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Financial statement presentation

Committee on Temporary Shelter, Inc. is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets as of September 30, 2013 or 2012.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, Committee on Temporary Shelter, Inc. considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Effective December 31, 2010 through December 31, 2012, deposits held in noninterest-bearing transaction accounts at FDIC-insured institutions were fully insured, regardless of the amount in the account. As of January 1, 2013, total amounts at each bank are guaranteed up to \$250,000. Amounts on deposit that were not fully insured by the FDIC were \$838 and \$0 as of September 30, 2013 and 2012, respectively.

Investments

Committee on Temporary Shelter, Inc. is required to report marketable equity securities and all debt instruments in the Statements of Financial Position at fair market value. Any realized or unrealized gain and loss, interest or dividends are reported as investment income in the Statements of Activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Donated investments are treated as fair value at the date of receipt, which is then treated as cost.

Functional allocation of expenses

Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on methods determined by management.

**COMMITTEE ON TEMPORARY SHELTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013 AND 2012**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and equipment

Property and equipment are carried at cost, if purchased, or fair market value if donated. Betterments that materially add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the appropriate program. COTS' policy is to capitalize acquisitions over \$1,500. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Depreciation expense was \$173,417 and \$204,113 for the years ended September 30, 2013 and 2012, respectively.

Advertising

Advertising costs are charged to expense when incurred. Advertising expense was \$52,367 and \$68,227 for the years ended September 30, 2013 and 2012, respectively.

Income taxes

Committee on Temporary Shelter, Inc. is a nonprofit corporation exempt from income taxes under IRC Section 501(c)(3) except for net income derived from unrelated business income activities, if any. COTS has been classified as an organization that is not a private foundation under IRC 509(a)(2), and donations to the Organization qualify as charitable deductions for individual donors. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Returns of Organization Exempt From Income Tax (Form 990) are subject to examination by taxing authorities for the years ended September 30, 2012, 2011 and 2010.

Contributions

Committee on Temporary Shelter, Inc. reports its contributions as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by COTS is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of COTS. Contributions of long-lived assets or cash used to acquire long-lived assets (property and equipment) are released from time restrictions, if not expressed by the donor, over the asset's expected useful life. There are no permanently restricted net assets to report.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the period in which the support is recognized. All other 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.



**COMMITTEE ON TEMPORARY SHELTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013 AND 2012**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated services, assets and facilities

Donated services that meet certain criteria are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Numerous volunteers perform various clerical functions to support program activities, and no amounts have been recorded for these services.

Contributions of tangible assets are valued at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or property and equipment. Donated assets of \$15,000 in 2013 consist of the estimated fair value of the Firehouse Family Shelter land deeded to COTS. Donated assets of \$9,572 in 2012 consist of donated technology equipment.

Donated facilities are recorded at the estimated fair market value of the lease. Donated facilities were \$34,500 and \$73,500 for the years ended September 30, 2013 and 2012, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Grant and contract support

Committee on Temporary Shelter, Inc. recognizes grant and contract funds on an exchange basis. As such, revenues are booked as the grant is earned. In accordance with the normal policies of the contracting organizations, COTS may retain unexpended funds for use in future periods provided expenses incurred are in compliance with the specified terms of each grant or contract, as defined. The organizations may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by COTS with the terms of the grants or contracts. In addition, if COTS terminates providing services, all unexpended funds are to be returned to the funding sources.

Summarized financial information

The financial information in the Statement of Functional Expenses for the year ended September 30, 2012 is presented for comparative purposes, and is not intended to be a complete financial statement presentation by fund. Accordingly, such information should be read in conjunction with COTS' financial statements for the year ended September 30, 2012, from which the summarized information was derived.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

2) RESTRICTED CASH

Restricted cash is maintained in accordance with donor requests. Restricted cash consists of restricted gifts received for the following programs at September 30:

	<u>2013</u>	<u>2012</u>
Housing Risk Guarantee	\$ 87,165	\$ 93,500
Family Housing	156,001	70,000
Opportunity Fund	40,000	-
Daystation	332,665	-
Federal, state and local grants	28,670	-
	<u>\$ 644,501</u>	<u>\$ 163,500</u>

Restricted cash is presented in the Statements of Financial Position as follows as of September 30:

	<u>2013</u>	<u>2012</u>
Current	\$ 525,779	\$ 80,000
Non-current	118,722	83,500
	<u>\$ 644,501</u>	<u>\$ 163,500</u>

3) GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable represents grants due from the grantor in less than one year. Due to the current nature of the amounts, no allowance for uncollectible accounts has been recorded. There was no bad debt expense related to grants receivable for 2013 or 2012.

4) GIFTS RECEIVABLE

Gifts receivable consist of the following at September 30, 2013:

2014	\$ 80,000
2015 - 2017	160,000
	<u>240,000</u>
Less discount to present value	(20,000)
	<u>\$ 220,000</u>

**COMMITTEE ON TEMPORARY SHELTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013 AND 2012**

**4) GIFTS RECEIVABLE (continued)**

Amounts reported on the Statements of Financial Position at September 30, 2013 are as follows:

Current	\$ 80,000
Noncurrent	140,000
	<u>\$ 220,000</u>

Gifts receivable in more than one year are discounted at 8%. No allowance was deemed necessary.

**5) PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of September 30:

	<u>2013</u>	<u>2012</u>
Buildings and improvements	\$ 4,340,883	\$ 4,120,373
Purchase option	5,000	-
Equipment	475,294	457,414
Land and easement	383,750	368,750
	<u>5,204,927</u>	<u>4,946,537</u>
Accumulated depreciation	<u>(2,050,269)</u>	<u>(1,876,851)</u>
	<u>\$ 3,154,658</u>	<u>\$ 3,069,686</u>

**6) INVESTMENTS**

Committee on Temporary Shelter, Inc. values its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value on a recurring basis. Fair market value for investments are determined by "Level 1" inputs by reference to unadjusted quoted prices in active markets, or by "Level 2" inputs by reference to quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Investments consist of the following at:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
<b><u>September 30, 2013</u></b>			
<b><i>Level 1:</i></b>			
Cash and money funds	\$ 80,939	\$ 80,939	\$ -
Interest receivable	4,495	4,495	-
Mutual funds - equity securities	394,260	359,909	34,351
Mutual funds - fixed income securities	795,293	794,592	701
<b><i>Level 2:</i></b>			
Convertible note	25,000	25,000	-
	<u>\$ 1,299,987</u>	<u>\$ 1,264,935</u>	<u>\$ 35,052</u>

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

6) INVESTMENTS (continued)

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation</u>
<b>September 30, 2012</b>			
<i>Level 1:</i>			
Cash and money funds	\$ 79,354	\$ 79,354	\$ -
Alternative equity investment	30,223	29,126	1,097
Mutual funds - equity securities	313,755	246,400	67,355
Mutual funds - fixed income securities	896,855	838,649	58,206
<i>Level 2:</i>			
Convertible note	25,000	25,000	-
	<u>\$ 1,345,187</u>	<u>\$ 1,218,529</u>	<u>\$ 126,658</u>

Investment return consists of the following for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 47,810	\$ 51,342
Realized gain	123,734	21,564
Unrealized gain (loss)	(91,606)	79,263
Investment fees	(8,915)	(8,965)
	<u>\$ 71,023</u>	<u>\$ 143,204</u>

7) LONG-TERM DEBT

Long-term debt consists of the following at September 30:

	<u>2013</u>	<u>2012</u>
Merchants Bank:		
Mortgage note payable in monthly installments of \$1,180, including interest at 3.25%, balloon payment due August 5, 2014, collateralized by first mortgage on St. John's Hall	\$ 64,635	\$ 76,288
Mortgage note payable in monthly installments of \$4,645, including interest at 4.25%, balloon payment due December 22, 2015, collateralized by first mortgage on 95 North Avenue	679,728	706,142
	<u>744,363</u>	<u>782,430</u>
Less current portion	(92,000)	(38,000)
	<u>\$ 652,363</u>	<u>\$ 744,430</u>

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

7) LONG-TERM DEBT (continued)

Future maturities of long-term debt for the years ending September 30 are as follows:

2014	\$ 92,000
2015	29,000
2016	<u>623,363</u>
	<u>\$ 744,363</u>

8) LEASES

In May 1994, COTS entered into a lease agreement for office space and shelter space (the Daystation) on South Winooski Avenue in Burlington, Vermont. In July 2012, the shelter space on the lower level flooded, and COTS was released from that component of the lease. The shelter has been temporarily relocated to donated space at a parsonage on Buell Street in Burlington, Vermont. The middle floor, where staff had relocated, was also vacated in October 2012. The lease was terminated in December 2012 and COTS received a settlement payment of \$75,000 representing its equity in the building costs.

In July 2008, COTS signed a lease for shelter space (the Firehouse Family Shelter) on North Champlain Street in Burlington Vermont. In 2012, the property suffered major structural damage which required repairs costing \$106,060. Due to terms of the lease, COTS was responsible for the cost of repairs. In 2013, COTS negotiated with the landlord, Champlain Housing Trust, to purchase the land and building for \$1. As a result, COTS recognized an in-kind contribution and donated asset for \$15,000 representing the difference between the estimated fair value and the purchase price.

In January 2011, COTS entered into a 30-year lease agreement with Canal St. Housing Limited Partnership for shelter space at the Canal Street veterans housing project in Winooski, Vermont. COTS Veterans Housing Inc., a subsidiary of COTS, owns 0.5% of the Partnership. The lease requires monthly payments of \$10,140, which can be adjusted annually based on actual square footage and unit expenses as calculated by the Partnership.

Total facility rent expense was \$143,522 and \$172,272 for the years ended September 30, 2013 and 2012, respectively.

Future minimum lease commitments for the years ending September 30 are as follows:

2014	\$ 126,000
2015	126,000
2016	126,000
2017	126,000
2018	126,000
Thereafter	<u>2,934,000</u>
	<u>\$ 3,564,000</u>

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

9) RETIREMENT PLAN

In fiscal year 2011, COTS implemented a discretionary contribution 403(b) plan which matched 100% of eligible employees' contributions up to 1% of salary for participants with one to three years of service, and up to 2% of salary for participants with three or more years of service. The employer contribution vests after two years of service to COTS. Total retirement expense was \$34,903 and \$9,918 in 2013 and 2012, respectively.

10) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of September 30:

	<u>2013</u>	<u>2012</u>
Restricted property	\$ 804,556	\$ 838,947
Daystation capital	332,665	-
Future periods	144,105	-
Home Again	105,272	70,000
Risk pool	87,219	93,500
Housing Resource Center	80,000	-
Children's enrichment	50,000	-
	<u>\$ 1,603,817</u>	<u>\$ 1,002,447</u>

11) COMMITMENTS AND CONTINGENCIES

Shelter and office space located at 179 South Winooski Avenue suffered major flood damage in July 2012. In December 2012, COTS entered into an agreement with Champlain Housing Trust (CHT) in which COTS relinquished any leasehold equity due to them at the end of the lease (the remaining term was 12 years) in exchange for \$75,000 from CHT.

A brick wall at the Firehouse Family Shelter partially collapsed in the spring of 2012. The property owner's (CHT's) insurer declined coverage as the facade failure was determined to be a maintenance issue, and the lease agreement stated that COTS was responsible for maintenance. COTS has since purchased the land and building from CHT for \$1. The total cost to repair the facade damage was \$106,060.

COTS' Main Street Family Shelter is subject to a housing subsidy covenant under which the property must be maintained as affordable residential housing, and the property may not be sold without written permission from the Vermont Housing and Conservation Board.

**COMMITTEE ON TEMPORARY SHELTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013 AND 2012**

**12) CANAL STREET VETERANS HOUSING**

In 2009, COTS formed a subsidiary, COTS Veterans Housing, Inc., a public benefit nonprofit corporation. COTS Veterans Housing, Inc. was organized to develop and maintain safe and sanitary transitional housing for veterans and affordable permanent housing.

In collaboration with Housing Vermont, Inc., COTS developed a housing project in Winooski known as Canal Street Housing. This facility consists of 28 rental apartment units, of which 16 are used for temporary housing for homeless veterans and 12 are used for long-term affordable housing. The building opened for occupancy in January 2011.

After completion, the project was transferred to a limited partnership, Canal Street Housing Limited Partnership. COTS Veterans Housing, Inc. owns 0.5% of the limited partnership. The activity of COTS Veterans Housing, Inc. is immaterial to the financial statements and, therefore, is not consolidated.

**13) SUBSEQUENT EVENTS**

Committee on Temporary Shelter, Inc. has evaluated events and transactions for potential recognition or disclosure through March 20, 2014, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



COMMITTEE ON TEMPORARY SHELTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through the City of Burlington:</i>			
Community Development Block Grant	14.218	N/A	\$ 12,058
<i>Passed through Vermont Department for Children and Families:</i>			
Emergency Shelter Grants Program	14.231	03440-44011-13	200,882
Emergency Shelter Grants Program	14.231	03440-44011-14	60,519
<i>Passed through Champlain Valley Office of Economic Opportunity:</i>			
Supportive Housing Advocacy Program	14.235	N/A	<u>97,124</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>370,583</u>
<b>U.S. Department of Homeland Security</b>			
<i>Passed through the United Way of Chittenden County:</i>			
Emergency Food and Shelter Program	97.024	N/A	<u>10,678</u>
<b>Total U.S. Department of Homeland Security</b>			<u>10,678</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through Community Health Center of Burlington:</i>			
Assistance in Transition from Homelessness	93.150	N/A	47,251
Assistance in Transition from Homelessness	93.150	N/A	14,499
<i>Passed through Vermont Department for Children and Families:</i>			
Temporary Assistance for Needy Families	93.558	G1002VTTANF	<u>153,096</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>214,846</u>
<b>U.S. Department of Agriculture</b>			
<i>Passed through Vermont Department for Children and Families:</i>			
Food Stamp Employment and Training	10.561	20111S25194	57,411
Food Stamp Employment and Training	10.561	20111S25194	<u>19,137</u>
<b>Total U.S. Department of Agriculture</b>			<u>76,548</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 672,655</u>

**COMMITTEE ON TEMPORARY SHELTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**1) BASIS OF PRESENTATION**

This Schedule of Expenditures of Federal Awards includes the federal grant activity of Committee on Temporary Shelter, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used, in the preparation of the basic financial statements.

**COMMITTEE ON TEMPORARY SHELTER, INC.**  
**SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR 2012)**

	<b>Housing Resource Center</b>	<b>Public Education</b>	<b>Main St. Family Shelter</b>	<b>Firehouse Family Shelter</b>	<b>Family Case Management</b>
<b>SUPPORT AND REVENUE</b>					
Public contributions	\$ 293,790	\$ -	\$ 31,000	\$ 1,000	\$ -
Grants and United Way	212,385	-	190,778	157,346	138,720
Rental and other income	190	-	547	76,200	-
Donated rent and services	-	-	-	3,583	-
Investment income	-	-	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>506,365</b>	<b>-</b>	<b>222,325</b>	<b>238,129</b>	<b>138,720</b>
<b>EXPENSES</b>					
Personnel	244,462	48,638	358,006	267,029	175,176
Occupancy	14,020	791	57,276	40,481	11,386
Depreciation	10,911	282	24,407	8,742	10,911
Office expenses	12,602	4,440	7,616	6,309	12,390
Homelessness prevention	118,355	-	-	-	50
Other expenses	5,982	145	3,277	3,285	104
Advertising and promotion	435	1,548	268	973	344
Client supplies and activities	1,400	42	13,342	10,677	3,162
Insurance	1,597	40	5,489	1,499	1,592
Donated rent and services	-	-	-	3,583	-
Interest	6,745	170	2,132	1,255	6,746
Accounting	2,479	298	3,723	2,207	2,003
Legal	531	6	279	164	246
Professional development	467	60	91	71	106
Travel	476	44	116	83	48
<b>TOTAL EXPENSES</b>	<b>420,462</b>	<b>56,504</b>	<b>476,022</b>	<b>346,358</b>	<b>224,264</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 85,903</b>	<b>\$ (56,504)</b>	<b>\$ (253,697)</b>	<b>\$ (108,229)</b>	<b>\$ (85,544)</b>

	<u>The Daystation</u>	<u>The Waystation</u>	<u>Individual Case Management</u>	<u>St. John's Hall</u>	<u>The Wilson</u>	<u>Smith House</u>
<b>SUPPORT AND REVENUE</b>						
Public contributions	\$ 371,787	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and United Way	101,002	174,886	118,386	-	-	18,376
Rental and other income	-	-	-	171,148	109,530	24,908
Donated rent and services	35,049	-	326	-	-	-
Investment income	-	-	-	7	7	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>507,838</u>	<u>174,886</u>	<u>118,712</u>	<u>171,155</u>	<u>109,537</u>	<u>43,284</u>
<b>EXPENSES</b>						
Personnel	191,835	236,946	176,225	17,897	14,932	15,634
Occupancy	17,299	36,847	9,923	80,210	79,303	25,880
Depreciation	1,821	13,047	1,777	42,199	18,088	16,341
Office expenses	6,803	5,387	11,271	1,575	1,834	1,228
Homelessness prevention	-	-	200	1,398	(1,504)	-
Other expenses	10,796	198	527	63	28	28
Advertising and promotion	138	746	493	71	39	39
Client supplies and activities	4,977	2,352	4,886	509	492	1,001
Insurance	1,050	4,709	466	6,670	10,060	2,216
Donated rent and services	35,049	-	326	-	-	-
Interest	1,097	1,725	1,159	2,609	311	311
Accounting	1,915	3,012	2,023	542	542	542
Legal	3,639	504	762	47	1,384	84
Professional development	77	82	116	7	7	7
Travel	241	200	480	41	12	16
<b>TOTAL EXPENSES</b>	<u>276,737</u>	<u>305,755</u>	<u>210,634</u>	<u>153,838</u>	<u>125,528</u>	<u>63,327</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ 231,101</u>	<u>\$ (130,869)</u>	<u>\$ (91,922)</u>	<u>\$ 17,317</u>	<u>\$ (15,991)</u>	<u>\$ (20,043)</u>

**COMMITTEE ON TEMPORARY SHELTER, INC.**  
**SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**  
**(WITH COMPARATIVE TOTALS FOR 2012)**

	<u>Veterans - Canal Street</u>	<u>Total Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>SUPPORT AND REVENUE</b>						
Public contributions	\$ 1,003	\$ 698,580	\$ -	\$ 1,460,611	\$ 2,159,191	\$ 1,391,740
Grants and United Way	196,280	1,308,159	31,717	36,660	1,376,536	1,388,853
Rental and other income	36,151	418,674	9,888	-	428,562	361,579
Donated rent and services	-	38,958	372	1,660	40,990	86,237
Investment income	-	14	71,009	-	71,023	143,204
<b>TOTAL SUPPORT AND REVENUE</b>	<u>233,434</u>	<u>2,464,385</u>	<u>112,986</u>	<u>1,498,931</u>	<u>4,076,302</u>	<u>3,371,613</u>
<b>EXPENSES</b>						
Personnel	51,791	1,798,571	190,712	211,142	2,200,425	2,299,078
Occupancy	138,911	512,327	5,638	5,831	523,796	642,337
Depreciation	7,443	155,969	11,018	6,431	173,418	204,113
Office expenses	4,612	76,067	21,893	63,829	161,789	176,780
Homelessness prevention	-	118,499	-	-	118,499	58,275
Other expenses	94	24,527	770	42,219	67,516	26,147
Advertising and promotion	866	5,960	485	45,922	52,367	68,227
Client supplies and activities	673	43,513	-	-	43,513	88,304
Insurance	2,533	37,921	2,508	820	41,249	40,290
Donated rent and services	-	38,958	372	1,660	40,990	86,237
Interest	329	24,589	3,520	3,520	31,629	33,525
Accounting	1,069	20,355	3,457	3,777	27,589	28,036
Legal	2,406	10,052	483	57	10,592	17,275
Professional development	87	1,178	496	2,619	4,293	4,124
Travel	241	1,998	276	296	2,570	2,546
<b>TOTAL EXPENSES</b>	<u>211,055</u>	<u>2,870,484</u>	<u>241,628</u>	<u>388,123</u>	<u>3,500,235</u>	<u>3,775,294</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ 22,379</u>	<u>\$ (406,099)</u>	<u>\$ (128,642)</u>	<u>\$ 1,110,808</u>	<u>\$ 576,067</u>	<u>\$ (403,681)</u>