

HOUSING & CREDIT COUNSELING, NC.

FINANCIAL STATEMENTS

As of and For the Years Ended December 31, 2019 and 2018

Cummins, Coffman & Schmidlein, CPA's, P.A.
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HOUSING & CREDIT COUNSELING, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Housing & Credit Counseling, Inc.
Topeka, Kansas

We have audited the accompanying financial statements of Housing & Credit Counseling, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

As disclosed in Note 6 to the financial statements, the Organization has a majority voting interest in Buchanan Center, Inc. In our opinion, accounting principles generally accepted in the United States of America require that Buchanan Center, Inc.'s financial statements be consolidated with the Organization. The effects on the financial statements, if they had been consolidated with those of Buchanan Center, Inc., are not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of not consolidating Buchanan Center, Inc., as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Housing & Credit Counseling, Inc. as of December 31, 2019 and 2018, 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.



Cummins, Coffman & Schmidlein, CPA's, P.A.

Topeka, Kansas

June 24, 2020

HOUSING & CREDIT COUNSELING, INC.
STATEMENTS OF FINANCIAL POSITION
For the years ended

ASSETS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 115,777	\$ 131,103
Payee program agency account	-	23,373
Investments	691,873	639,045
Accounts receivable	10,770	7,861
Other receivable	-	8,000
Grants receivable	152,199	110,409
Prepaid expenses	6,962	8,460
Note receivable (current portion)	15,233	14,710
Total current assets	<u>992,814</u>	<u>942,961</u>
 Note receivable (long-term portion)	 <u>111,500</u>	 <u>126,732</u>
 Property and equipment, net	 <u>81,791</u>	 <u>93,125</u>
 TOTAL ASSETS	 \$ <u>1,186,105</u>	 \$ <u>1,162,818</u>

LIABILITIES AND NET ASSETS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Current Liabilities		
Payee program agency liability	\$ -	\$ 23,373
Accrued payroll	19,897	20,384
Accrued PTO	29,017	32,357
Note payable	-	8,000
Total Liabilities	<u>48,914</u>	<u>84,114</u>
 Net Assets		
Net assets without donor restrictions	<u>1,137,191</u>	<u>1,078,704</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>1,186,105</u>	 \$ <u>1,162,818</u>

See accompanying notes and independent auditor's report.

HOUSING & CREDIT COUNSELING, INC.
 STATEMENTS OF ACTIVITIES
 For the years ended

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Revenues		
Grant revenue		
Federal	\$ 86,740	\$ 110,976
Other governmental support	155,681	145,467
United Way	143,088	137,915
Other grants	120,438	114,498
Program revenues:		
Consumer credit counseling – Creditor contributions	4,500	27,715
Underwriting, consulting and registrations	129,797	129,732
Consumer credit counseling – Client fees and contributions	54,311	85,884
Publishing	1,921	1,223
Fundraising	46,384	63,408
Interest and dividends	24,825	28,875
Realized gains	4,312	5,861
Total Revenues	<u>771,997</u>	<u>851,554</u>
Expenses		
Program services	696,287	747,650
Supporting services:		
Management and general	60,568	65,037
Fundraising	38,538	41,391
Total Expenses	<u>795,393</u>	<u>854,078</u>
Change in net assets before unrealized income	(23,396)	(2,524)
Unrealized gain(loss)	<u>81,883</u>	<u>(26,862)</u>
Change in net assets	58,487	(29,386)
Net assets without donor restrictions, beginning of year	<u>1,078,704</u>	<u>1,108,090</u>
Net assets without donor restrictions, end of year	<u>\$ 1,137,191</u>	<u>\$ 1,078,704</u>

See accompanying notes and independent auditor's report.

HOUSING & CREDIT COUNSELING, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the year ended December 31, 2019

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses:				
Compensation	\$ 469,644	\$ 40,854	\$ 25,999	\$ 536,497
Employee benefits	10,388	904	575	11,866
Payroll taxes	39,569	3,442	2,190	45,201
	<u>519,601</u>	<u>45,200</u>	<u>28,764</u>	<u>593,564</u>
Professional services	74,446	6,476	4,121	85,043
Printing	8,362	728	463	9,553
Occupancy	24,919	2,165	1,380	28,464
Dues & subscriptions	12,292	1,069	679	14,040
Telephone/ internet	12,911	1,123	714	14,748
Miscellaneous	7,170	624	396	8,190
Interest	111	10	6	127
Insurance & bonds	12,104	1,052	670	13,826
Depreciation	9,925	863	546	11,334
Advertising	1,009	88	57	1,154
Consumable supplies	2,915	254	161	3,330
Repairs & maintenance	692	60	39	791
Postage	1,168	102	65	1,335
Travel	3,773	328	209	4,310
Conference & training	4,889	426	269	5,584
	<u>696,287</u>	<u>60,568</u>	<u>38,538</u>	<u>795,393</u>
Total expenses	\$ <u>696,287</u>	\$ <u>60,568</u>	\$ <u>38,538</u>	\$ <u>795,393</u>

See accompanying notes and independent auditor's report.

HOUSING & CREDIT COUNSELING, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES (continued)
 For the year ended December 31, 2018

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses:				
Compensation	\$ 479,010	\$ 41,669	\$ 26,518	\$ 547,197
Employee benefits	40,669	3,538	2,252	46,459
Payroll taxes	41,600	3,619	2,303	47,522
	<u>561,279</u>	<u>48,826</u>	<u>31,073</u>	<u>641,178</u>
Professional services	67,188	5,845	3,720	76,753
Printing	9,078	790	502	10,370
Occupancy	32,986	2,867	1,828	37,681
Dues & subscriptions	12,291	1,070	679	14,040
Telephone/ internet	12,143	1,056	672	13,871
Miscellaneous	9,706	844	536	11,086
Interest	203	18	11	232
Insurance & bonds	10,702	931	593	12,226
Depreciation	13,272	1,155	733	15,160
Advertising	2,934	255	163	3,352
Consumable supplies	3,900	340	216	4,456
Repairs & maintenance	3,308	286	186	3,780
Postage	1,805	157	100	2,062
Travel	4,412	384	244	5,040
Conference & training	2,443	213	135	2,791
	<u>747,650</u>	<u>65,037</u>	<u>41,391</u>	<u>854,078</u>
Total expenses	\$ <u>747,650</u>	\$ <u>65,037</u>	\$ <u>41,391</u>	\$ <u>854,078</u>

See accompanying notes and independent auditor's report.

HOUSING & CREDIT COUNSELING, INC.
STATEMENTS OF CASH FLOWS
For the years ended

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Cash Flows From (Used In) Operating Activities:		
Changes in net assets	\$ 58,487	\$ (29,386)
Adjustments to Reconcile Net Income (Loss) to Net Cash From (Used In) Operating Activities:		
Depreciation	11,334	15,160
Unrealized (gain) loss on investments	(81,882)	26,862
Changes in assets and liabilities:		
Decrease (increase) in operating assets:		
Accounts receivable	(2,909)	1,087
Other receivable	8,000	(8,000)
Grant receivable	(49,790)	(13,578)
Payee program bank balance	23,373	(10,600)
Prepaid expenses	1,498	(609)
(Decrease) increase in operating liabilities:		
Accounts payable	-	(500)
Payee program liability balance	(23,373)	10,600
Accrued payroll and taxes	(3,827)	3,504
Net cash provided (used in) operating activities	<u>(59,089)</u>	<u>(5,460)</u>
Cash flows from investing activities:		
Note receivable from Buchanan Center, Inc.	14,709	14,204
Investment activity	29,054	10,536
Net cash provided by investing activities	<u>43,763</u>	<u>24,740</u>
Cash flows from financing activities:		
Note payable	-	8,000
Net cash provided by financing activities	<u>-</u>	<u>8,000</u>
Net change in cash and cash equivalents	(15,326)	27,280
Cash and cash equivalents, beginning of year	131,103	103,823
Cash and cash equivalents, end of year	<u>\$ 115,777</u>	<u>\$ 131,103</u>
Supplemental Schedule of Cash Flow Information:		
Cash Paid for Interest	<u>\$ 127</u>	<u>\$ 232</u>

See accompanying notes and independent auditor's report.

HOUSING & CREDIT COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 HISTORY AND NATURE OF OPERATIONS

Housing & Credit Counseling, Inc. is a not-for-profit organization incorporated under the laws of the state of Kansas on April 13, 1973. The main purpose of the organization is to:

- Facilitate and foster safe, adequate, and affordable housing for low and moderate income families.
- Conduct counseling relative to personal money management and act as a conduit in assisting clients with debt reduction payments.
- Publicize and distribute literature and conduct seminars relative to tenants and landlord rights and laws, personnel budgeting, consumer credit, and home ownership.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization provides information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Basis of Presentation

The Organization reports information regarding its financial position and activates according to two-classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

New Accounting Pronouncement

During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14-*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 5).

HOUSING & CREDIT COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents include cash in checking and savings held at commercial financial institutions. Cash and cash equivalents does not include payee program agency cash, the payee program ended in 2019.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for bad debt based on its assessment of the current status of accounts. Balance still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for bad debt and a credit to accounts receivable.

Grants Receivable

The Organization's receivables are due from grants and are recorded at amounts due, net of an allowance for doubtful accounts. Grants receivable are generally due at the donor's discretion. Grants outstanding beyond the time agreed are considered past due. The Organization determines its allowance by considering a number of factors, including the length of time grants receivable are past due, the Organization's previous loss history, the grantor's current ability to pay its obligations to the Organization, and the condition of the general economy as a whole. The Organization writes off receivables when they become uncollectable. At December 31, 2019 and 2018, the Organization considered grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Investments

Investments consist of money market accounts, mutual funds, and exchange traded funds. Investments are stated at fair value. Realized and unrealized gains and losses, dividends, and interest on investments are reflected in the statement of activities.

Fair Value Measurement

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Fair value is defined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

HOUSING & CREDIT COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs are other than quoted prices in active markets that are not observable for the asset, either directly or indirectly, including inputs in markets that are not considered active.
- Level 3- Inputs are unobservable and significant to the asset, and include situations where there is little, if any, market activity.

Property and Equipment

Property and equipment are stated at cost. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged against income in the period incurred. Management annually reviews these assets to determine whether carrying values have been impaired.

Depreciation

Depreciation is computed using the declining balance method for financial reporting purposes.

	<u>Years</u>
Office furniture and equipment	5-7
Building renovations	20

Depreciation expense for the years ended December 31, 2019 and 2018 is \$11,334 and \$15,160.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The cost 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.

HOUSING & CREDIT COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Advertising

Advertising costs are expensed in the year incurred. Advertising expense for the years ended December 31, 2019 and 2018 was \$1,154 and \$3,352.

Income Taxes

The Organization is exempt from income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation. The Organization's returns are subject to examination by tax authorities for three years after they were filed. There are currently no examinations of the Organization's income tax returns in process.

NOTE 3 CASH AND CASH EQUIVALENTS

The following represents a summary of cash and cash equivalents at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Operating account	\$ 22,550	\$ 29,694
Sweep account	93,127	101,309
Petty cash	100	100
Total cash and cash equivalents	\$ <u>115,777</u>	\$ <u>131,103</u>

NOTE 4 INVESTMENTS

Investments are presented in the financial statements at fair market value. The investments are held at Fidelity and managed by Clayton Wealth Partners, and include investments in cash equivalents and mutual funds carried at fair value. Dividends and capital gain distributions from mutual funds are reinvested for additional shares purchased at the share price.

Investment securities are exposed to various risks such as interest rates, market fluctuations and credit risk. Due to the level of risk associated with certain investment securities, any changes in the risk in the near term could materially affect investments and the amounts reported in the statements of financial position.

All investment income and realized and unrealized gains and losses are reported on the statements of activities and classified as unrestricted by the donor or applicable law.

HOUSING & CREDIT COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

NOTE 4 INVESTMENTS (continued)

The estimated fair values of the Organization's financial instruments are as follows at December 31, 2019:

	Cost	Market Value
Money Markets	\$ 46,072	\$ 46,072
Mutual funds	231,900	234,944
Exchange traded funds	346,973	410,857
Total	<u>\$ 624,945</u>	<u>\$ 691,873</u>

The estimated fair values of the Organization's financial instruments are as follows at December 31, 2018:

	Cost	Market Value
Money Markets	\$ 39,830	\$ 39,830
Mutual funds	325,918	293,107
Exchange traded funds	288,231	306,108
Total	<u>\$ 653,979</u>	<u>\$ 639,045</u>

The fair values of assets measured on a recurring basis for the year ended December 31, 2019 are as follows:

	Fair Value	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money markets	\$ 46,072	\$ 46,072	\$ -	\$ -
Mutual funds	234,944	234,944	-	-
Exchange traded funds	410,857	410,857	-	-
Total Investments	<u>\$ 691,873</u>	<u>\$ 691,873</u>	<u>\$ -</u>	<u>\$ -</u>

There have been no changes in the methodologies used at December 31, 2019.

The fair values of assets measured on a recurring basis for the year ended December 31, 2018 are as follows:

	Fair Value	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money markets	\$ 39,830	\$ 39,830	\$ -	\$ -
Mutual funds	293,107	293,107	-	-
Exchange traded funds	306,108	306,108	-	-
Total Investments	<u>\$ 639,045</u>	<u>\$ 639,045</u>	<u>\$ -</u>	<u>\$ -</u>

There have been no changes in the methodologies used at December 31, 2018.

HOUSING & CREDIT COUNSELING, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2019

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 249,167	\$ 249,167
Building renovations	91,652	91,652
Accumulated depreciation	(259,028)	(247,694)
Net property and equipment	\$ 81,791	\$ 93,125

NOTE 6 LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Cooperative's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditure within one year.

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 115,777	\$ 131,103
Funds held for others	-	23,373
Investment accounts	691,873	639,045
Accounts and notes receivable	170,849	140,980
Financial assets, at year-end	978,499	934,501
Less those unavailable for general expenditure within one year, due to:		
Purpose restrictions	-	23,373
Financial assets available to meet cash needs for general expenditures within one year	\$ 978,499	\$ 911,128

NOTE 7 NOTE RECEIVABLE FROM BUCHANAN CENTER, INC. (RELATED PARTY)

The Organization has a note receivable from Buchanan Center, Inc. This receivable is for the landlord's portion of renovation costs that were incurred in 2016 and to be repaid over a period not to exceed 10 years at an interest rate of 3.5%.

Future aggregate principle maturities as of December 31, 2019 are as follows:

2020	\$ 15,233
2021	15,774
2022	16,335
2023	16,916
2024	17,518
Thereafter	44,951
	\$ 126,733

HOUSING & CREDIT COUNSELING, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 December 31, 2019

NOTE 8 NET ASSETS

As of December 31, 2019 and 2018 net assets consist of:

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restrictions:		
Un-designated	\$ 1,055,400	\$ 985,579
Net investment in property and equipment	81,791	93,125
Total net assets without donor restrictions	1,137,191	1,078,704
Total net assets	\$ 1,137,191	\$ 1,078,704

NOTE 9 LINE OF CREDIT

The company has a revolving line of credit with Capitol Federal Savings Bank for borrowings up to \$20,000. Interest is payable monthly at the bank's index rate with a floor of 4.75%. There was an outstanding balance of \$0 and \$8,000 at December 31, 2019 and 2018

NOTE 10 RETIREMENT PLAN

The Organization has a 403(b) retirement plan covering all employees. Employees may elect to contribute a portion of their wages, subject to percentage limitations established by the Internal Revenue Service. The Organization matched the employee contributions 50% up to an employer contribution cap of 5%, per policy guidelines, in 2019. The employer contribution expense was \$8,306 and \$8,962 for 2019 and 2018.

NOTE 11 LEASES

The Organization leases various office equipment and office space under operating lease agreements. Effective January 1, 2019, the monthly rate for the Topeka location was \$2,200 per month and the monthly rate for the Lawrence location was \$172 per month. The monthly lease payments for office space in 2018 was \$2,700 per month for the Topeka location and \$172 per month for the Lawrence location. Both of these leases expired on December 31, 2018, however they were renewed for a 1 year term. Additionally, the Organization leases an office space on an as-needed basis for their Emporia location. There is no set monthly rate for this location as they only pay a daily rate for when they occupy the office. The Organization leases a copier to use in their Topeka office for operational purposes. The monthly payment for this lease is \$316 and is set to expire on October 31, 2020.

Future minimum rental payments on these agreements as of December 31, 2019 are as follows:

2020	\$	3,160
2021		-
2022		-
2023		-
2024		-
Thereafter		-
	\$	3,160

Lease expense for the years ending December 31, 2019 and 2018 was \$28,464 and \$41,477.

HOUSING & CREDIT COUNSELING, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2019

NOTE 12 RELATED PARTY TRANSACTIONS

Buchanan Center, Inc. is a separate legal entity in which the organization has a majority voting interest in.

Buchanan Center, Inc. leases office space to the Organization. The lease agreement is based on building expenses and had a monthly rate of \$2,700. Effective January 1, 2019 the monthly rate decreased to \$2,200. Total payments to Buchanan Center, Inc. as of December 31, 2019 and 2018 were \$26,400 and \$32,400. There were no payables or receivables associated with Buchanan Center, Inc. as of December 31, 2019 and 2018.

NOTE 13 CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in several accounts insured by the Federal Deposit Insurance Corporation (FDIC). Effective January 1, 2013, accounts at each institution are insured by the FDIC up to \$250,000. As of December 31, 2019 and 2018, no funds exceeded the amount insured by FDIC insurance.

NOTE 14 AGENCY FUNDS

The Organization acted as an agent on behalf of various individuals where the Organization had entered into an agreement to provide cash management and bill pay services for the individual. Funds held on behalf of these individuals were classified as both payee program agency accounts and a corresponding liability to the individuals.

Payee program agency funds were held in a separate bank account. These funds were not considered cash equivalents for financial reporting purposes and, therefore, were not included in the statement of cash flows. Bank account balances were \$0 and \$23,373 at December 31, 2019 and 2018. The Payee program ended in 2019.

NOTE 15 COMPENSATED ABSENCES

The Organization has a paid time off policy program for employees, which includes vacation and sickness. Employees with less than three years or less of service are eligible for 152 hours of paid time off. Employees with 4-9 years of service are eligible for 200 hours of paid time off. Employees with 10-14 years of service are eligible for 208 hours of paid time off. Employees with 15-19 years of service are eligible for 256 hours of paid time off. Employees who have worked more than 20 years with the Organization are eligible for 264 hours of paid time off. An employee may carryover a maximum of 200 hours of unused time off into the next calendar year. At the time which employment ends, all accumulated time off is paid out to the employee at their current hourly rate. Accrued paid time off for the years ended December 31, 2019 and 2018 was \$29,017 and \$32,357.

NOTE 16 SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the audit report, which is the date the financial statements were available to be issued. No events were found requiring disclosure in these financial statements.