

**COMMON GROUND**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**BOISVENU & COMPANY, P.C.**  
**Certified Public Accountants**  
**Bingham Farms, Michigan**

# COMMON GROUND

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Common Ground

We have audited the accompanying financial statements of Common Ground (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, 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 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 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 accounting 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 audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Common Ground as of September 30, 2020 and 2019, 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 January 8, 2021, on our consideration of Common Ground'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 solely 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 effectiveness of Common Ground's 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 Common Ground's internal control over financial reporting and compliance.

*Beisvenu & Company, P.C.*

January 8, 2021

COMMON GROUND

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

|   | 2020                       | 2019                       |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>   |                            |                            |
| Current Assets  |                            |                            |
| Cash and cash equivalents                                 | \$ 3,910,076               | \$ 2,548,212               |
| Contracts receivable                                      | 740,651                    | 384,186                    |
| Prepaid expenses  | 104,309                    | 73,091                     |
| Total Current Assets                                      | <u>4,755,036</u>           | <u>3,005,489</u>           |
| Non-current Assets  |                            |                            |
| Cash - restricted   | 78,460                     | 78,460                     |
| Property, equipment and leasehold improvements - net      | 84,707                     | 99,135                     |
| Beneficial interest in perpetual endowment                | 25,426                     | 25,534                     |
| Total Non-current Assets                                  | <u>188,593</u>             | <u>203,129</u>             |
| <b>TOTAL ASSETS</b>                                       | <u><u>\$ 4,943,629</u></u> | <u><u>\$ 3,208,618</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>                         |                            |                            |
| Current Liabilities                                       |                            |                            |
| Accounts payable  | \$ 252,403                 | \$ 277,911                 |
| Accrued salaries and payroll taxes                        | 471,168                    | 245,558                    |
| Paycheck Protection Program loan                          | 182,319                    | -                          |
| Total Current Liabilities                                 | <u>905,890</u>             | <u>523,469</u>             |
| Long-term Liabilities                                     |                            |                            |
| Paycheck Protection Program loan - net of current portion | <u>1,672,181</u>           | <u>-</u>                   |
| Total Long-term Liabilities                               | <u>1,672,181</u>           | <u>-</u>                   |
| Total Liabilities   | <u>2,578,071</u>           | <u>523,469</u>             |
| Net Assets  |                            |                            |
| Without Donor Restrictions                                | 1,608,973                  | 2,091,415                  |
| With Donor Restrictions                                   | <u>756,585</u>             | <u>593,734</u>             |
| Total Net Assets  | <u>2,365,558</u>           | <u>2,685,149</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                   | <u><u>\$ 4,943,629</u></u> | <u><u>\$ 3,208,618</u></u> |

See accompanying notes to financial statements.

COMMON GROUND

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2020<br>Total     | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2019<br>Total     |
|---------------------------------------|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| <b>REVENUE AND SUPPORT</b>            |                               |                            |                   |                               |                            |                   |
| Governmental agency contracts         | \$ 13,848,048                 | \$ -                       | \$ 13,848,048     | \$ 13,401,038                 | \$ -                       | \$ 13,401,038     |
| Gifts and contributions               | 335,677                       | 337,241                    | 672,918           | 357,507                       | 504,267                    | 861,774           |
| United Way contributions              | -                             | 20,000                     | 20,000            | -                             | -                          | -                 |
| Volunteer and in-kind support         | 146,589                       | -                          | 146,589           | 243,235                       | -                          | 243,235           |
| Program income                        | 154,879                       | -                          | 154,879           | 384,051                       | -                          | 384,051           |
| Investment income - net               | 13,436                        | 1,581                      | 15,017            | 7,503                         | 722                        | 8,225             |
|                                       | 14,498,629                    | 358,822                    | 14,857,451        | 14,393,334                    | 504,989                    | 14,898,323        |
| Net assets released from restrictions | 195,971                       | (195,971)                  | -                 | 240,781                       | (240,781)                  | -                 |
| <b>TOTAL REVENUE AND SUPPORT</b>      | <b>14,694,600</b>             | <b>162,851</b>             | <b>14,857,451</b> | <b>14,634,115</b>             | <b>264,208</b>             | <b>14,898,323</b> |
| <b>EXPENSES</b>                       |                               |                            |                   |                               |                            |                   |
| Program Services                      |                               |                            |                   |                               |                            |                   |
| Responding to crisis                  | 9,298,355                     | -                          | 9,298,355         | 8,597,865                     | -                          | 8,597,865         |
| Providing safety and advocacy         | 4,253,982                     | -                          | 4,253,982         | 4,209,307                     | -                          | 4,209,307         |
| Building communities of support       | 69,293                        | -                          | 69,293            | 89,655                        | -                          | 89,655            |
| Total Program Services                | 13,621,630                    | -                          | 13,621,630        | 12,896,827                    | -                          | 12,896,827        |
| Supporting Services                   |                               |                            |                   |                               |                            |                   |
| Management and general                | 1,393,728                     | -                          | 1,393,728         | 1,245,579                     | -                          | 1,245,579         |
| Fund raising                          | 161,684                       | -                          | 161,684           | 209,195                       | -                          | 209,195           |
| Total Supporting Services             | 1,555,412                     | -                          | 1,555,412         | 1,454,774                     | -                          | 1,454,774         |
| <b>TOTAL EXPENSES</b>                 | <b>15,177,042</b>             | <b>-</b>                   | <b>15,177,042</b> | <b>14,351,601</b>             | <b>-</b>                   | <b>14,351,601</b> |
| CHANGE IN NET ASSETS                  | (482,442)                     | 162,851                    | (319,591)         | 282,514                       | 264,208                    | 546,722           |
| NET ASSETS, beginning of year         | 2,091,415                     | 593,734                    | 2,685,149         | 1,808,901                     | 329,526                    | 2,138,427         |
| NET ASSETS, end of year               | \$ 1,608,973                  | \$ 756,585                 | \$ 2,365,558      | \$ 2,091,415                  | \$ 593,734                 | \$ 2,685,149      |

See accompanying notes to financial statements.

COMMON GROUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

|  | Program Services     |                               |                                 | Supporting Services    |                   | Total                |
|--|----------------------|-------------------------------|---------------------------------|------------------------|-------------------|----------------------|
|  | Responding to Crisis | Providing Safety and Advocacy | Building Communities of Support | Management and General | Fund Raising      |                      |
| Salaries and wages                       | \$ 5,919,221         | \$ 2,378,422                  | \$ 41,826                       | \$ 932,337             | \$ 97,595         | \$ 9,369,401         |
| Fringes and personnel costs              | 1,129,256            | 490,810                       | 10,936                          | 227,785                | 25,516            | 1,884,303            |
| Contract services                        | 737,846              | 186,109                       | 3,225                           | 40,599                 | 7,524             | 975,303              |
| Occupancy                                | 641,289              | 589,651                       | 2,533                           | 30,342                 | 5,910             | 1,269,725            |
| Telephone                                | 91,820               | 37,534                        | 585                             | 14,454                 | 1,365             | 145,758              |
| Other communications                     | 16,022               | 5,653                         | 4,122                           | 2,218                  | 9,620             | 37,635               |
| Information and education                | 48,104               | 27,421                        | 535                             | 31,078                 | 1,247             | 108,385              |
| Supplies and materials                   | 298,389              | 170,229                       | 2,585                           | 77,695                 | 7,200             | 556,098              |
| Specific assistance                      | 3,204                | 218,956                       | 501                             | -                      | -                 | 222,661              |
| Transportation and travel                | 89,459               | 52,325                        | 182                             | 4,493                  | 425               | 146,884              |
| Equipment, rental, and maintenance       | 27,823               | 12,927                        | 280                             | 1,574                  | 654               | 43,258               |
| Interest                                 | -                    | 1                             | -                               | 8,242                  | -                 | 8,243                |
| Insurance                                | 157,276              | 64,532                        | 1,801                           | 20,558                 | 4,204             | 248,371              |
| Volunteer services and in-kind materials | 128,875              | 15,310                        | 150                             | 1,904                  | 350               | 146,589              |
| Total Functional Expenses                |                      |                               |                                 |                        |                   |                      |
| Before Depreciation                      | 9,288,584            | 4,249,880                     | 69,261                          | 1,393,279              | 161,610           | 15,162,614           |
| Depreciation                             | 9,771                | 4,102                         | 32                              | 449                    | 74                | 14,428               |
| Total Functional Expenses                | <u>\$ 9,298,355</u>  | <u>\$ 4,253,982</u>           | <u>\$ 69,293</u>                | <u>\$ 1,393,728</u>    | <u>\$ 161,684</u> | <u>\$ 15,177,042</u> |

See accompanying notes to financial statements.

COMMON GROUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

|  | Program Services        |                                     |                                       | Supporting Services       |                   | Total                |
|--|-------------------------|-------------------------------------|---------------------------------------|---------------------------|-------------------|----------------------|
|  | Responding<br>to Crisis | Providing<br>Safety and<br>Advocacy | Building<br>Communities<br>of Support | Management<br>and General | Fund<br>Raising   |                      |
| Salaries and wages                       | \$ 5,569,876            | \$ 2,256,475                        | \$ 59,490                             | \$ 834,422                | \$ 138,809        | \$ 8,859,072         |
| Fringes and personnel costs              | 1,083,750               | 487,253                             | 14,364                                | 202,255                   | 33,515            | 1,821,137            |
| Contract services                        | 329,252                 | 171,108                             | 1,150                                 | 26,167                    | 2,683             | 530,360              |
| Occupancy                                | 625,193                 | 602,110                             | 2,396                                 | 41,730                    | 5,592             | 1,277,021            |
| Telephone                                | 101,204                 | 26,990                              | 890                                   | 15,238                    | 2,078             | 146,400              |
| Other communications                     | 28,080                  | 14,359                              | 3,864                                 | 1,191                     | 9,016             | 56,510               |
| Information and education                | 70,393                  | 32,954                              | 944                                   | 28,808                    | 2,203             | 135,302              |
| Supplies and materials                   | 286,315                 | 215,868                             | 2,450                                 | 60,191                    | 6,445             | 571,269              |
| Specific assistance                      | 3,870                   | 223,934                             | 312                                   | -                         | -                 | 228,116              |
| Transportation and travel                | 97,521                  | 66,420                              | 641                                   | 15,911                    | 1,496             | 181,989              |
| Equipment, rental, and maintenance       | 36,726                  | 14,698                              | 389                                   | 6,115                     | 907               | 58,835               |
| Insurance                                | 165,086                 | 53,822                              | 707                                   | 6,020                     | 1,650             | 227,285              |
| Volunteer services and in-kind materials | 190,246                 | 39,204                              | 2,023                                 | 7,043                     | 4,719             | 243,235              |
| Total Functional Expenses                |                         |                                     |                                       |                           |                   |                      |
| Before Depreciation                      | 8,587,512               | 4,205,195                           | 89,620                                | 1,245,091                 | 209,113           | 14,336,531           |
| Depreciation                             | 10,353                  | 4,112                               | 35                                    | 488                       | 82                | 15,070               |
| Total Functional Expenses                | <u>\$ 8,597,865</u>     | <u>\$ 4,209,307</u>                 | <u>\$ 89,655</u>                      | <u>\$ 1,245,579</u>       | <u>\$ 209,195</u> | <u>\$ 14,351,601</u> |

See accompanying notes to financial statements.



COMMON GROUND

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                     |                     |
| Change in net assets   | \$ (319,591)        | \$ 546,722          |
| Adjustments to reconcile change in net assets<br>to net cash (used) provided by operating activities |                     |                     |
| Depreciation   | 14,428              | 15,070              |
| Donated stock  | (8,761)             | (5,388)             |
| Net realized loss on sale of investments   | 193                 | -                   |
| Net gain on endowment fund   | (1,581)             | (722)               |
| Gain on collaborative arrangement  | -                   | (221,325)           |
| (Increase) decrease in operating assets  |                     |                     |
| Contracts receivable   | (356,465)           | (93,874)            |
| Pledge receivable  | -                   | 86,727              |
| Prepaid expenses   | (31,218)            | (28,524)            |
| Increase (decrease) in operating liabilities   |                     |                     |
| Accounts payable   | (25,508)            | (77,546)            |
| Accrued salaries and payroll taxes   | <u>225,610</u>      | <u>(111,176)</u>    |
| NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES   | <u>(502,893)</u>    | <u>109,964</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                     |                     |
| Proceeds from sale of investments  | 8,568               | 5,388               |
| Proceeds from endowment fund   | 1,689               | 1,117               |
| Proceeds from collaborative arrangement  | <u>-</u>            | <u>190,110</u>      |
| NET CASH PROVIDED BY INVESTING ACTIVITIES  | <u>10,257</u>       | <u>196,615</u>      |
| CASH FLOWS FROM FINANCING ACTIVITIES   |                     |                     |
| Proceeds from Paycheck Protection Program loan   | <u>1,854,500</u>    | <u>-</u>            |
| NET CASH PROVIDED BY FINANCING ACTIVITIES  | <u>1,854,500</u>    | <u>-</u>            |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 1,361,864           | 306,579             |
| CASH AND CASH EQUIVALENTS, beginning of year   | <u>2,626,672</u>    | <u>2,320,093</u>    |
| CASH AND CASH EQUIVALENTS, end of year   | <u>\$ 3,988,536</u> | <u>\$ 2,626,672</u> |
| SUPPLEMENTAL INFORMATION   |                     |                     |
| Investment receivable  | <u>\$ -</u>         | <u>\$ 31,215</u>    |

See accompanying notes to financial statements.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization

Common Ground (the Organization) is a Michigan nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

The Organization's program and supporting services are as follows:

##### Program Services

Common Ground's core purpose is helping people move from crisis to hope. The Organization provides a comprehensive array of services to Southeast Michigan residents in crisis through a network of innovative education, prevention, intervention and information services. Services by Common Ground include:

##### Responding to Crisis

- *Oakland Assessment & Crisis Intervention Service (OACIS)* – crisis intervention and assessment for acute care of adults and children.
- *24 Hour Resource and Crisis Helpline* – telephone, chat and text access to confidential crisis intervention, debriefing, information and referrals.
- *Crisis Intervention & Recovery Team (GCIRT) – Genesee County* – serves residents of Genesee County in need of immediate assistance in stabilizing mental health crises, co-occurring serious mental illness and substance use disorder crises, preventing hospitalization, and accessing medically necessary substance abuse and/or mental health services and support.
- *Crisis Intervention & Recovery Team (OCIRT) – Oakland County* – serves residents of Oakland County in need of immediate assistance in stabilizing mental health crises, co-occurring serious mental illness and substance use disorder crises, preventing hospitalization, and accessing medically necessary substance abuse and/or mental health services and support.
- *Community Liaison Team (Oakland County)* – provides access, consultation, clinical assessments, emergency assessment, and crisis intervention to adults served by the 6<sup>th</sup> Circuit-Adult Treatment Court and Kevin's Law/Alternative Treatment Reports.
- *Legal Clinic* – volunteer attorneys provide free legal advice and referrals, but no representation in court.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Providing Safety and Advocacy

- *Victim Assistance Program* – 24-hour access to counselors and advocates for victims of crime, domestic and sexual abuse, and workplace violence.
- *Crisis Residential Unit (CRU)* – recovery oriented, short-term, voluntary psychiatric domiciliary care for adults that includes medication management and monitoring, nursing, group therapy, art therapy, and discharge planning for recovery.
- *The Sanctuary* – three-week voluntary residential counseling program for youths ages 10-17, with a goal of family reunification.
- *A Step Forward (ASF)* – transitional housing for homeless youths ages 16-17, for up to 24 months.
- *Graduated Apartment Program (GAP)* – subsidized apartment living for up to two years – for homeless youths ages 18-24. Residents must maintain employment and an education plan.
- *Counseling Program* – out-patient and in-home counseling for individuals and families with 10-17 year olds for up to three months, with the goal of helping families draw on their own resources and abilities to get through a crisis.
- *Sober Support Unit (SSU)* – voluntary 23-hour program designed to monitor individuals who need detoxification services and have no health risks.

##### Building Communities of Support

This includes efforts related to the education of the community on mental health issues.

- *Survivors of Suicide* – bi-monthly open support groups for people who have lost a loved one to suicide. An eight week, closed support group is also offered three times per year.
- *The Empower Initiative* – a prevention based theater program comprised of trained Peer Mentors age 15-25. The Empower Initiative carries out performances on issues facing children, teens, young adults and families. Topics include, but are not limited to: peer pressure, bullying, teasing, substance abuse, dating violence, positive relationships, teen pregnancy, conflict resolution, stress, and rumors.
- *Love & Logic Support Group* – six-week program for parents of teens and pre-teens that combines discussion, video, support and guest speakers.
- *Survivors of Homicide Support Group* – bi-monthly 12-week support groups for people who have lost a loved one to homicide or drunk driving.
- *Parent Support Group* – supports parents/family of children with serious emotional disturbances/developmental disabilities to be empowered, confident, and have skills that will enable them to assist their child to improve their connection with the community. It involves bi-weekly meetings that are a combination of guided topics and informal interaction/networking among families in the community.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

##### Fund Raising

This provides the structure necessary to encourage and secure financial and volunteer support from individuals, foundations and government agencies.

##### Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

##### Use of Estimates

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 reported period. Actual results could differ from those estimates.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### New Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for fiscal years beginning after December 15, 2018. Prior to the clarifications provided in ASU 2018-08, transactions with customers (governmental agencies) that benefited the general public were considered to be exchange transactions. Under ASU 2018-08, revenue from government agency contracts are considered conditional contributions because the customer (governmental agency) does not receive commensurate value for the consideration received by the Organization; rather, the purpose of these arrangements are for the benefit of the general public. There are no significant changes in any financial statement line item that resulted from adopting ASU 2018-08, in comparison with the prior period.

##### Cash and Cash Equivalents

For purposes of the statements of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value. Cash and cash equivalents consist of \$3,910,076 available for operations and \$78,460 restricted for endowment.

##### Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are carried at cost or, if donated, at fair value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of three to twenty-seven and a half years. It is the Organization's policy to capitalize acquisitions of \$5,000 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs and cloud based software are charged to expense as incurred.

##### Revenue and Support

Governmental agency contract arrangements constitute and are accounted for as conditional contributions since the customer does not receive commensurate value for the consideration received by the Organization; rather, the purpose of an arrangement is for the benefit of the general public. Revenue is recognized when the condition is satisfied. Conditions are satisfied based on incurring qualified expenses, and/or satisfying a milestone, and/or execution of other deliverable units of service. A refundable advance is recorded when the Organization receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. As of September 30, 2020 there was no refundable advances recorded related to governmental agency contracts.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Revenue and Support (continued)

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers, for services rendered including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

The Organization elects to report restricted contributions that were initially conditional and for which both the condition and the restriction simultaneously occur as increases in net assets without donor restrictions.

The Organization reports unconditional gifts of cash and other assets as support without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends 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 restrictions.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization receives donated services and supplies from various organizations and individuals in order to accomplish its program objectives. Contributions of donated services that create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values and are reflected in the financial statements as support.

##### Contracts Receivable

The Organization considers contracts receivable to be fully collectible at September 30, 2020; accordingly, no allowance is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Pledge Receivable/Promises to Give

The Organization has donor pledges; however, they are considered intentions to give which do not meet the accounting requirements for financial statement recognition. Approximately \$166,000 is expected to be received over the next five years and will be recorded when received.

##### Functional Classification of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to the associated program and supporting services. Certain indirect costs have been allocated among the programs and supporting services benefitted. Personnel and related costs are allocated based on estimates of time and effort. Other costs, such as occupancy, are allocated on a square footage basis.

##### Tax Positions

The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to September 30, 2013.

##### Fair Value Disclosure

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, contracts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of September 30, 2020 and 2019 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Financial assets, at year end  | \$ 4,754,613        | \$ 3,036,392        |
| Less those unavailable for general expenditures within one year, due to:               |                     |                     |
| Contractual or donor-imposed restrictions:   |                     |                     |
| Restricted by donor with time or purpose restrictions                                  | (653,125)           | (490,274)           |
| Donor restricted endowment funds   | <u>(103,460)</u>    | <u>(103,460)</u>    |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 3,998,028</u> | <u>\$ 2,442,658</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization also prepares budget reports in order to both achieve and monitor cash needs. In the event of an unanticipated liquidity need, the Organization also could draw from its line of credit, which has \$300,000 available (as further discussed in Note 11).

#### 3. FAIR VALUE MEASUREMENTS

Various inputs may be used in determining the fair value of the Organization's assets and liabilities measured on a recurring basis. These inputs are market-based measurements based on and determined by the assumptions that market participants would use in pricing an asset or a liability and are summarized into three levels:

Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.

Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly.

Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the Organization's own assumptions in determining the fair value of an asset or a liability).



## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 3. FAIR VALUE MEASUREMENTS (continued)

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about projections market participants would use in developing a price that would be received to sell an asset or paid to transfer a liability based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following table summarizes the Organization's inputs used to determine their values on September 30, 2020:

|  | <u>Level 1</u> | <u>Level 2</u>   | <u>Level 3</u> |
|--|----------------|------------------|----------------|
| Beneficial interest in perpetual endowment | <u>\$ -</u>    | <u>\$ 25,426</u> | <u>\$ -</u>    |

The following table summarizes the Organization's inputs used to determine their values on September 30, 2019:

|  | <u>Level 1</u> | <u>Level 2</u>   | <u>Level 3</u> |
|--|----------------|------------------|----------------|
| Beneficial interest in perpetual endowment | <u>\$ -</u>    | <u>\$ 25,534</u> | <u>\$ -</u>    |

#### 4. BENEFICIAL INTEREST

The Organization entered into an agreement with the Community Foundation for Southeast Michigan (CFSEM) to establish an endowment fund. The fund was created with the proceeds from a contribution without donor restrictions of \$25,000 that the Organization had received. In accordance with FASB ASC 958-605-25-24, *Transfer of Assets to a Non-Profit or Charitable Trust That Raises or Holds Contributions for Others*, this portion of the fund, known as the reciprocal portion, has been recorded as an investment on the books of the Organization, even though CFSEM may have variance power (i.e. ability to control who the beneficiary will be upon the occurrence of events which include, but are not limited to, the dissolution of Common Ground) over the asset. In addition to the reciprocal transfer made by the Organization, third party donors have also made contributions to the fund for the benefit of the Organization. CFSEM maintains explicit variance power over any third party gifts and the earnings thereon. As a result, in accordance with FASB ASC Topic 958, this portion is not recorded as an asset

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

4. BENEFICIAL INTEREST (continued)

of the Organization. Fund investments are determined by the trustee of CFSEM and earnings are available for distribution to the Organization for operations at the discretion of CFSEM. The market value of the contributed portion of the fund (contributions from third party donors plus net earnings) has been calculated by CFSEM and is shown below as "Amount allocable to the contributed amount of the fund".

The changes in beneficial interest for September 30, 2020 are as follows:

|                                    | Amount allocable<br>to the reciprocal<br>transfer amount | Amount allocable<br>to the contributed<br>amount of the fund | Total             |
|------------------------------------|--|--|-------------------|
| Market value at September 30, 2019 | \$ 25,534  | \$ 675,004   | \$ 700,538        |
| Contributions                      | -  | -  | -                 |
| Change in investment               | 1,706  | 44,558   | 46,264            |
| Grant funds distributed            | (1,689)  | (44,619)   | (46,308)          |
| Fees                               | (125)  | (3,313)  | (3,438)           |
| Market value at September 30, 2020 | <u>\$ 25,426</u>   | <u>\$ 671,630</u>  | <u>\$ 697,056</u> |

The changes in beneficial interest for September 30, 2019 are as follows:

|                                    | Amount allocable<br>to the reciprocal<br>transfer amount | Amount allocable<br>to the contributed<br>amount of the fund | Total             |
|------------------------------------|--|--|-------------------|
| Market value at September 30, 2018 | \$ 25,929  | \$ 684,916   | \$ 710,845        |
| Contributions                      | -  | -  | -                 |
| Change in investment               | 844  | 22,314   | 23,158            |
| Grant funds distributed            | (1,117)  | (28,994)   | (30,111)          |
| Fees                               | (122)  | (3,232)  | (3,354)           |
| Market value at September 30, 2019 | <u>\$ 25,534</u>   | <u>\$ 675,004</u>  | <u>\$ 700,538</u> |

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

5. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At September 30, 2020, property, equipment and leasehold improvements consist of the following:

|                                     | Beginning<br>Balance | Additions        | Dispositions | Ending<br>Balance |
|-------------------------------------|----------------------|------------------|--------------|-------------------|
| Land                                | \$ 75,000            | \$ -             | \$ -         | \$ 75,000         |
| Building                            | 182,657              | -                | -            | 182,657           |
| Building and leasehold improvements | 649,939              | -                | -            | 649,939           |
| Furniture and equipment             | 245,669              | -                | -            | 245,669           |
| Vehicle                             | 21,222               | -                | -            | 21,222            |
|                                     | <u>1,174,487</u>     | <u>\$ -</u>      | <u>\$ -</u>  | <u>1,174,487</u>  |
| Less accumulated depreciation       | <u>1,075,352</u>     | <u>\$ 14,428</u> | <u>\$ -</u>  | <u>1,089,780</u>  |
|                                     | <u>\$ 99,135</u>     |                  |              | <u>\$ 84,707</u>  |

6. LEASE COMMITMENTS

Operating Leases

The Organization is obligated under leases for office, clinic and shelter facilities, vehicles and office equipment expiring on various dates.

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

|      | Facilities        | Vehicles         | Office<br>Equipment | Total             |
|------|-------------------|------------------|---------------------|-------------------|
| 2021 | \$ 167,800        | \$ 20,671        | \$ 7,153            | \$ 195,624        |
| 2022 | 167,800           | 8,847            | -                   | 176,647           |
| 2023 | 167,800           | 7,357            | -                   | 175,157           |
| 2024 | <u>13,983</u>     | <u>613</u>       | <u>-</u>            | <u>14,596</u>     |
|      | <u>\$ 517,383</u> | <u>\$ 37,488</u> | <u>\$ 7,153</u>     | <u>\$ 562,024</u> |

The Organization incurred approximately \$758,300 and \$783,100 of facility, vehicle, and office equipment rental expense for the years ended September 30, 2020 and 2019, respectively.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

7. NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2020 and 2019, net assets with donor restrictions consist of cash and cash equivalents and a beneficial interest and are available for the following purposes:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Subject to the passage of time:                    |                   |                   |
| Unappropriated appreciation on beneficial interest | \$ 426            | \$ 534            |
| Subject to expenditure for specified purpose:      |                   |                   |
| Crisis Help/Text Line                              | 254,943           | 193,295           |
| In-Home Stabilization                              | 116,343           | 127,138           |
| Sanctuary  | 75,000            | 2,890             |
| Expressive Arts/Art Therapy                        | 53,521            | 59,169            |
| Telehealth   | 47,500            | -                 |
| Parent Support Partners                            | 41,772            | 42,752            |
| Rosemary Holland Institute                         | 37,668            | 40,468            |
| SPARK  | 9,974             | 9,974             |
| Employee Emergency Fund                            | 7,509             | 4,980             |
| Crisis Residential Unit                            | 5,384             | 5,602             |
| VAP  | 2,274             | 2,500             |
| RCH  | 500               | -                 |
| Adopt A Family                                     | 311               | 972               |
|  | <u>653,125</u>    | <u>490,274</u>    |
| Not subject to appropriation or expenditure:       |                   |                   |
| Endowment fund                                     | 78,460            | 78,460            |
| Beneficial interest in perpetual endowment         | 25,000            | 25,000            |
|  | <u>103,460</u>    | <u>103,460</u>    |
|  | <u>\$ 756,585</u> | <u>\$ 593,734</u> |

8. ENDOWMENT FUND CHANGES

The Organization's endowments consist of cash and a beneficial interest. The endowments consist of net assets with donor restrictions. As required by generally accepted accounting principles, net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

8. ENDOWMENT FUND CHANGES (continued)

Changes in endowment net assets for the years ended September 30, 2020 and 2019 are summarized as follows:

|   |                                    |
|---|------------------------------------|
|   | <u>With Donor<br/>Restrictions</u> |
| Balance - September 30, 2019                              | \$ 103,994                         |
| Contributions   | -                                  |
| Investment income - net                                   | 1,581                              |
| Distributions to net assets without<br>donor restrictions | <u>(1,689)</u>                     |
| Balance - September 30, 2020                              | <u>\$ 103,886</u>                  |
|   | <u>With Donor<br/>Restrictions</u> |
| Balance - September 30, 2018                              | \$ 25,929                          |
| Contributions   | 78,460                             |
| Investment income - net                                   | 722                                |
| Distributions to net assets without<br>donor restrictions | <u>(1,117)</u>                     |
| Balance - September 30, 2019                              | <u>\$ 103,994</u>                  |

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of accumulated gifts. At September 30, 2020 and 2019, there were no funds with deficiencies.

Interpretation of Relevant Law

The Organization classifies as donor-restricted net assets (a) the original value of the gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment, and (c) accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 8. ENDOWMENT FUND CHANGES (continued)

##### Interpretation of Relevant Law (continued)

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions based on accumulation of earnings until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act (UPMIFA).

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the fund
- The investment policies of the fund

##### Investment Policy for Endowment Funds

The overall long term investment objective of the Organization's endowment fund(s) are to achieve an average annual return (dividends and interest plus realized and unrealized appreciation) net of fees and expenses at least equal to the rate of inflation as measured by the CPI. The investment earnings from the fund will be used to support future operations and programs of the Organization.

##### Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The primary objective is to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated as much as it is consistent with the volatility of a comparable market index.

##### Spending Policy

The Organization will recommend the amount to be approved in the annual budget (except for underwater endowment funds).

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 9. INVESTMENT INCOME

The following schedule details the investment income in the statement of activities as of September 30, 2020 and 2019:

|                              | <u>2020</u>      | <u>2019</u>     |
|------------------------------|------------------|-----------------|
| Dividends and interest       | \$ 13,629        | \$ 8,019        |
| Net realized/unrealized gain | <u>1,388</u>     | <u>206</u>      |
|                              | <u>\$ 15,017</u> | <u>\$ 8,225</u> |

#### 10. CONCENTRATIONS

The Organization maintains cash and cash equivalent balances in various financial institutions in Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At September 30, 2020, the uninsured cash balances totaled approximately \$2,841,000.

The Organization's largest funder accounts for 69 percent of total revenue and support.

#### 11. LINE OF CREDIT

The Organization has a revolving line of credit up to \$300,000. The interest rate is equal to the greater of 3.25% or the index known as the Wall Street Journal U.S. prime rate (3.25% at September 30, 2020). Borrowings are due on demand. Borrowings under this agreement are collateralized by substantially all assets of the Organization. The Organization has the full amount of credit available at September 30, 2020.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 12. PAYCHECK PROTECTION PROGRAM LOAN

On April 24, 2020, the Organization acquired a loan (the “Loan”) in the aggregate amount of \$1,854,500, pursuant to the Coronavirus Aid, Relief, and Economic Security Act’s (the “CARES” Act) Paycheck Protection Program (the “PPP”), which was enacted on March 27, 2020.

The Loan, which was in the form of a note dated April 24, 2020, matures on December 8, 2022 and bears interest at an annual rate of 1.00%, payable monthly commencing on August 8, 2021. The Loan may be repaid by the Organization at any time prior to maturity with no prepayment penalties. The Organization can qualify for loan forgiveness if proceeds were used to pay for certain eligible costs. As of September 30, 2020, the Organization had eligible costs of approximately \$675,000, and as of January 8, 2021, the Organization had estimated eligible costs of approximately \$1,227,900. Based on the Loan amount, without considering potential forgiveness granted in the future, monthly payments of principal and interest would be approximately \$103,850 during the repayment period.

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

|                                       |                            |
|---------------------------------------|----------------------------|
| 2021                                  | \$ 207,691                 |
| 2022                                  | 1,246,144                  |
| 2023                                  | <u>437,942</u>             |
| Total minimum payments                | 1,891,777                  |
| Less amount representing interest     | <u>37,277</u>              |
| Present value of minimum payments     | 1,854,500                  |
| Less current portion                  | <u>182,319</u>             |
| Loan payable - net of current portion | <u><u>\$ 1,672,181</u></u> |



COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

13. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Subject to the passage of time:                    |                   |                   |
| Pledge receivable                                  | \$ -              | \$ 86,727         |
| Unappropriated appreciation on beneficial interest | 1,689             | 1,117             |
| Subject to expenditure for specified purpose:      |                   |                   |
| Sanctuary  | 136,380           | 60,725            |
| Access to health care and financial resources      | 20,000            | -                 |
| Rosemary Holland Institute                         | 11,280            | 18,523            |
| In-Home Stabilization                              | 10,794            | 19,863            |
| Expressive Arts/Art Therapy                        | 10,749            | 11,355            |
| Adopt A Family                                     | 1,661             | 1,041             |
| Parent Support Partners                            | 1,080             | 2,643             |
| Crisis Help/Text Line                              | 852               | 34,668            |
| Crisis Residential Unit                            | 718               | 2,475             |
| Employee Emergency Fund                            | 392               | 1,048             |
| VAP  | 226               | 100               |
| Personal protective equipment                      | 150               | -                 |
| GAP  | -                 | 300               |
| SPARK  | -                 | 196               |
|  | <u>\$ 195,971</u> | <u>\$ 240,781</u> |

14. VOLUNTEER AND IN-KIND SUPPORT

The Organization receives a variety of donated items and services. Donated goods include various household items used by individuals in the shelter. Donated services included crisis counseling services for the 24-hour resource and crisis helpline, legal counsel provided to individuals in the program, masters-level services at our OACIS and Sanctuary programs, expressive arts activities for our crisis residential unit and bookkeeping services. During the fiscal year ended September 30, 2020, the Organization was supported by 69 volunteers who contributed approximately 7,900 hours of service. In addition, many other individuals also volunteer their time to perform a variety of tasks that assist the Organization; however, their time does not meet the criteria for recognition.

During the fiscal year ended September 30, 2019, the Organization was supported by 157 volunteers who contributed approximately 11,200 hours of service.

## COMMON GROUND

### NOTES TO FINANCIAL STATEMENTS

#### 15. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. Amounts classified as net assets without donor restrictions and net assets with donor restrictions have been reclassified as follows:

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> |
|--|---------------------------------------|------------------------------------|
| Beneficial interest in perpetual endowment | \$ (534)                              | \$ 534                             |

This has no effect on the aggregate net assets.

#### 16. CONTINGENCY

In the normal course of operations, there could be outstanding contingent liabilities resulting from lawsuits, governmental agency assessments, etc., which are not known to the Organization and therefore have not been reflected in the accompanying financial statements. The Organization's management is of the opinion that such liabilities, if any, will be either immaterial or the Organization's insurance coverage is adequate to cover any potential losses.

#### 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 8, 2021, the date the financial statements were available to be issued.

In November 2020, the Organization signed a contract with the State of Michigan to provide mental health services for an estimated contract value of \$7,500,000. The contract's initial term is for an approximate 40-month period and may be renewed for up to 3 additional 1-year period(s).

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which could affect the Organization's operations both directly and indirectly through its impact on investment valuations and other funding sources, vendors, staff and contracted services. The financial effects on the Organization are not readily determinable. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

COMMON GROUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2020

| FEDERAL/PASS-THROUGH<br>GRANTOR PROGRAM TITLE   | FEDERAL<br>CFDA<br>NUMBER | PASS THROUGH<br>ENTITY IDENTIFYING<br>NUMBER | EXPENDITURES        |
|---|---------------------------|--|---------------------|
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |                           |  |                     |
| Basic Center Grant  | 93.623                    |  | \$ 235,948          |
| Transitional Living for Homeless Youth  | 93.550                    |  | 205,883             |
| Passed through Michigan Department of Health & Human Services<br>Social Services Block Grant                                    | 93.667                    | E20202721-00                                 | 155,558             |
| Passed through Michigan Department of Health & Human Services<br>Temporary Assistance for Needy Families                        | 93.558                    | E20202720-00                                 | 331,177             |
| Passed through Salvation Army<br>Temporary Assistance for Needy Families  | 93.558                    |  | 24,282              |
|   |                           |  | <u>355,459</u>      |
| Passed through Oakland Community Health Network<br>Block Grants for Prevention and Treatment of Substance Abuse                 | 93.959                    | 2017-0013-SUDP                               | 50,448              |
| Passed through CNS Healthcare<br>Section 223 Demonstration Programs to Improve Community<br>Mental Health Services              | 93.829                    |  | 162,000             |
| Passed through Easter Seals<br>Section 223 Demonstration Programs to Improve Community<br>Mental Health Services                | 93.829                    |  | 262,792             |
|   |                           |  | <u>424,792</u>      |
| Passed through Substance Abuse and Mental Health Services Administration<br>Substance Abuse and Mental Health Services Projects | 93.243                    | 1H79SM082083-01                              | 27,813              |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>   |                           |  |                     |
| Continuum of Care Program   | 14.267                    |  | 257,514             |
| Passed through Oakland County<br>Emergency Solutions Grant Program  | 14.231                    | ESG  | 14,444              |
| Passed through Alliance for Housing<br>Emergency Solutions Grant Program  | 14.231                    |  | 29,588              |
|   |                           |  | <u>44,032</u>       |
| <b>U.S. DEPARTMENT OF JUSTICE</b>   |                           |  |                     |
| Public Safety Partnership and Community Policing Grants   | 16.710                    |  | 120,877             |
| Passed through Michigan Department of Health & Human Services<br>Crime Victim Assistance  | 16.575                    | E20202542-00                                 | 147,113             |
| Crime Victim Assistance   | 16.575                    | E20202543-00                                 | 197,716             |
|   |                           |  | <u>344,829</u>      |
| <b>TOTAL FEDERAL AWARDS</b>   |                           |  | <u>\$ 2,223,153</u> |

See accompanying notes to schedule of expenditures of federal awards.

## COMMON GROUND

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

#### 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Common Ground under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Common Ground, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Common Ground.

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### 2. INDIRECT COST RATE

Common Ground has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

#### 3. SUBRECIPIENTS

There were no awards passed through to subrecipients.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of  
Common Ground

We have audited, in accordance with the 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, the financial statements of Common Ground (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Common Ground's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Common Ground's internal control. Accordingly, we do not express an opinion on the effectiveness of Common Ground's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Common Ground's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Beisvenu & Company, P.C.*

January 8, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of  
Common Ground

Report on Compliance for Each Major Federal Program

We have audited Common Ground's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Common Ground's major federal programs for the year ended September 30, 2020. Common Ground's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Common Ground's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Common Ground's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Common Ground's compliance.

### Opinion on Each Major Federal Program

In our opinion, Common Ground complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

### Report on Internal Control Over Compliance

Management of Common Ground is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Common Ground's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Common Ground's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Boisvenu & Company, P.C.*

January 8, 2021



## COMMON GROUND

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2020

#### SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Common Ground were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the auditor's report.
3. No instances of noncompliance material to the financial statements of Common Ground, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Common Ground expresses an unmodified opinion on all major federal programs.
6. No audit findings related to the major programs, which would be required to be disclosed in accordance with 2 CFR Section 200.516(a), were reported.
7. The programs tested as the major programs were: Crime Victim Assistance, CFDA number 16.575 and Continuum of Care, CFDA number 14.267.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Common Ground was determined to be a low-risk auditee.

#### FINDINGS - FINANCIAL STATEMENT AUDIT

None

#### FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None