

**FAMILY PROMISE
OF SOUTHERN CHESTER COUNTY**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

TO THE BOARD OF DIRECTORS
FAMILY PROMISE
OF SOUTHERN CHESTER COUNTY
WEST GROVE, PENNSYLVANIA

We have reviewed the accompanying financial statements of Family Promise of Southern Chester County (a non-profit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Umbreit, Korengel & Associates, P.C.

Kennett Square, PA
May 2, 2016

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	<u>2015</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 121,856
Promises to give	<u>5,000</u>
TOTAL CURRENT ASSETS	126,856
Property and equipment, net	<u>68,135</u>
TOTAL ASSETS	<u><u>\$ 194,991</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accrued expenses	<u>\$ 881</u>
TOTAL CURRENT LIABILITIES	881
NET ASSETS	
Unrestricted	183,964
Temporarily restricted	<u>10,146</u>
TOTAL NET ASSETS	<u><u>194,110</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 194,991</u></u>

See Accountants' Review Report and Notes to Financial Statements

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>
SUPPORT, REVENUES, AND RECLASSIFICATIONS			
Contributions	\$ 231,585	\$ 10,146	\$ 241,731
Donated in-kind	27,233	-	27,233
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	<u>258,818</u>	<u>10,146</u>	<u>268,964</u>
EXPENSES			
Program services	64,110	-	64,110
Supporting services			
Management and general	8,986	-	8,986
Fundraising	1,758	-	1,758
TOTAL EXPENSES	<u>74,854</u>	<u>-</u>	<u>74,854</u>
CHANGES IN NET ASSETS	183,964	10,146	194,110
NET ASSETS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u><u>\$ 183,964</u></u>	<u><u>\$ 10,146</u></u>	<u><u>\$ 194,110</u></u>

See Accountants' Review Report and Notes to Financial Statements

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	Total 2015
COMPENSATION RELATED				
Salaries	\$ 26,574	\$ 2,146	\$ 1,074	\$ 29,794
Payroll taxes and insurance	3,472	311	117	3,900
TOTAL COMPENSATION RELATED	<u>30,046</u>	<u>2,457</u>	<u>1,191</u>	<u>33,694</u>
DAYCARE AND FACILITY				
Occupancy	718	62	-	780
Maintenance and repairs	15,621	-	-	15,621
Supplies	4,529	-	-	4,529
Transportation	274	-	-	274
Other	76	-	-	76
TOTAL CLIENT ASSISTANCE	<u>21,218</u>	<u>62</u>	<u>-</u>	<u>21,280</u>
Association fees	-	1,125	-	1,125
Bank fees	-	274	274	548
Communications	-	-	-	-
Depreciation	2,907	253	-	3,160
Fundraising	-	-	255	255
Insurance	2,649	1,580	-	4,229
Marketing	1,017	-	-	1,017
Miscellaneous	-	29	-	29
Office expense	2,331	287	-	2,618
Postage	-	91	-	91
Printing	2,124	263	-	2,387
Professional fees	-	2,361	-	2,361
Training	1,388	151	38	1,577
Travel	430	53	-	483
	<u>12,846</u>	<u>6,467</u>	<u>567</u>	<u>19,880</u>
TOTAL EXPENSE	<u>\$ 64,110</u>	<u>\$ 8,986</u>	<u>\$ 1,758</u>	<u>\$ 74,854</u>

See Accountants' Review Report and Notes to Financial Statements

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 194,110
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Donated in-kind	(27,233)
Depreciation and amortization	3,160
(Increase) decrease in operating assets:	
Promises to give	(5,000)
Increase (decrease) in operating liabilities:	
Accrued expenses	881
NET CASH USED BY OPERATING ACTIVITIES	165,918
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of leasehold improvements and equipment	(44,062)
NET INCREASE IN CASH	121,856
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 121,856
NON CASH INVESTING ACTIVITY	
Donation of fixed assets	\$ 27,233

See Accountants' Review Report and Notes to Financial Statements

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICIES**Nature of Activities

Family Promise of Southern Chester County (the “Organization”) was founded in 2014 and is dedicated to preventing and ending homelessness among working single parents with dependent children in Chester County, Pennsylvania. The Organization provides financial assistance, social services and mentoring support to enable families to remain in clean, safe, affordable housing while they work toward independence. This includes training to improve or develop capabilities for increasing income and decreasing expenses. The Organization provides services throughout Chester County, Pennsylvania.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 (formerly, FASB Statement No. 117, Financial Statements of Not-for-Profit Organizations). Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, the expenses directly related to the programs are allocated with certain common costs of the Organization, which have been allocated based primarily on time spent and other estimates made by management.

Cash

The Organization normally deposits its cash with one financial institution and does not carry balances in excess of FDIC insured limits.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Restricted and Unrestricted Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Accordingly, contributions to the Organization and the resulting net assets are as follows:

- **Unrestricted** – Contributions that are not subject to donor-imposed stipulations.
- **Temporarily Restricted** – Contributions subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- **Permanently Restricted** – Contributions subject to donor-imposed stipulations that the contribution be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as unrestricted or as temporarily restricted depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. Absent donor stipulations, the Organization records these gifts as unrestricted support. Long-lived assets are reported as permanently restricted only if the Organization must maintain the assets in perpetuity or if the donor explicitly restricts the proceeds from any future disposition of the assets to reinvestment in long-lived assets.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Contributed Services and Facilities

Certain contributed services and facilities were provided to develop and maintain the programs of the Organization; the value of the contributed time and facilities is reflected in the financial statements if they meet the criteria for recognition under FASB ASC 958-605, which require that they (1) create or enhance long-lived assets or (2) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended December 31, 2015 the Organization received contributed professional services with a fair market value of \$27,233.

Furniture and Equipment and Depreciation

Furniture and equipment are recorded at cost. Depreciation is provided by the use of the straight-line method over the prescribed lives of the related assets, which is currently five years.

Revenue and Support Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support 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, temporarily restricted net assets will be reclassified to unrestricted net assets.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Promises to give are recorded at net realized value if expected to be collected in one year and at fair market value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Date of Management's Review

Management has evaluated subsequent events through May 2, 2016, the date which the financial statements were available to be issued.

NOTE B – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	<u>2015</u>
Leasehold improvements	\$ 34,966
Vehicle	29,022
Fixtures and equipment	<u>7,307</u>
	71,295
Accumulated depreciation	<u>(3,160)</u>
	<u>\$ 68,135</u>
Depreciation expense	<u>\$ 3,160</u>

NOTE C – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2015</u>
Restricted for operations	\$ 5,146
Restricted as to time	<u>5,000</u>
Total	<u>\$ 10,146</u>

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE F – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a valuation hierarchy for disclosure of the inputs to the valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

NOTE G – FEDERAL INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, donors currently qualify for the maximum charitable deduction allowed by the Internal Revenue Code.

In accordance with applicable financial accounting standards, the Organization's present policy is to evaluate all tax positions based on either having substantial authority for a tax position taken on a return or where substantial authority does not exist, then the Organization discloses the tax treatment of the item and ensures that there is a reasonable basis for the treatment. The Organization has not taken tax positions for any years open under the various statutes of limitations that required disclosure because they were not supported by substantial authority. As of December 31, 2015, the Organization believes that all tax positions taken on open years are supported by substantial authority and has not recognized tax positions under this standard which would require measurement and additional disclosure.