

**FAMILY PROMISE
OF SOUTHERN CHESTER COUNTY**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Family Promise of Southern Chester County
Kennett Square, Pennsylvania

We have reviewed the accompanying financial statements of Family Promise of Southern Chester County (a non-profit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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.

Accountants' 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 11, 2017

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FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 239,620	\$ 121,856
Promises to give	-	5,000
TOTAL CURRENT ASSETS	<u>239,620</u>	<u>126,856</u>
Property and equipment, net	<u>57,743</u>	<u>68,135</u>
TOTAL ASSETS	<u><u>\$ 297,363</u></u>	<u><u>\$ 194,991</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 4,475</u>	<u>\$ 881</u>
TOTAL CURRENT LIABILITIES	4,475	881
NET ASSETS		
Unrestricted	275,014	183,964
Temporarily restricted	<u>17,874</u>	<u>10,146</u>
TOTAL NET ASSETS	<u><u>292,888</u></u>	<u><u>194,110</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 297,363</u></u>	<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, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>
SUPPORT, REVENUES, AND RECLASSIFICATIONS			
Contributions	\$ 269,912	\$ 17,874	\$ 287,786
Donated in-kind	5,600	-	5,600
Net assets released from restrictions	10,146	(10,146)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	<u>285,658</u>	<u>7,728</u>	<u>293,386</u>
EXPENSES			
Program services	162,942	-	162,942
Supporting services			
Management and general	25,810	-	25,810
Fundraising	5,856	-	5,856
TOTAL EXPENSES	<u>194,608</u>	<u>-</u>	<u>194,608</u>
CHANGES IN NET ASSETS	91,050	7,728	98,778
NET ASSETS - BEGINNING OF YEAR	<u>183,964</u>	<u>10,146</u>	<u>194,110</u>
NET ASSETS - END OF YEAR	<u>\$ 275,014</u>	<u>\$ 17,874</u>	<u>\$ 292,888</u>

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>\$ 183,964</u>	<u>\$ 10,146</u>	<u>\$ 194,110</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, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2016</u>
COMPENSATION RELATED				
Salaries	\$ 100,001	\$ 6,591	\$ 3,296	\$ 109,888
Payroll taxes and insurance	9,356	858	315	10,529
TOTAL COMPENSATION RELATED	<u>109,357</u>	<u>7,449</u>	<u>3,611</u>	<u>120,417</u>
DAY CENTER FACILITY				
Occupancy	4,188	364	-	4,552
Maintenance and repairs	8,900	-	-	8,900
Supplies	10,868	-	-	10,868
Transportation	3,194	-	-	3,194
Other	4,188	-	-	4,188
TOTAL CLIENT ASSISTANCE	<u>31,338</u>	<u>364</u>	<u>-</u>	<u>31,702</u>
Association fees	-	660	-	660
Bank fees	-	716	716	1,432
Depreciation	9,560	832	-	10,392
Fundraising	-	-	1,498	1,498
Insurance	3,766	2,212	-	5,978
Marketing	1,112	-	-	1,112
Miscellaneous	-	10	-	10
Office expense	-	540	-	540
Postage	-	1,126	-	1,126
Printing	4,269	528	-	4,797
Professional fees	-	10,967	-	10,967
Training	929	83	31	1,043
Travel	2,611	323	-	2,934
	<u>22,247</u>	<u>17,997</u>	<u>2,245</u>	<u>42,489</u>
TOTAL EXPENSE	<u>\$ 162,942</u>	<u>\$ 25,810</u>	<u>\$ 5,856</u>	<u>\$ 194,608</u>

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>	<u>Total 2015</u>
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>
DAY CENTER 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
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

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 98,778	\$ 194,110
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Donated in-kind	-	(27,233)
Depreciation and amortization	10,392	3,160
(Increase) decrease in operating assets:		
Promises to give	5,000	(5,000)
Increase (decrease) in operating liabilities:		
Accrued expenses	3,594	881
NET CASH USED BY OPERATING ACTIVITIES	<u>117,764</u>	<u>165,918</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of leasehold improvements and equipment	<u>-</u>	<u>(44,062)</u>
NET INCREASE IN CASH	117,764	121,856
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>121,856</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 239,620</u>	<u>\$ 121,856</u>
NON CASH INVESTING ACTIVITY		
Donation of fixed assets	\$ -	\$ 27,233

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF 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 parents with dependent children in Southern Chester County, Pennsylvania. The Organization provides shelter, food, financial assistance, social services and mentoring support to enable families to remain in clean, safe, affordable housing while they work towards independence. This includes training to improve or develop capabilities for increasing income and decreasing expenses.

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. At December 31, 2016 and 2015, there were no permanently restricted net assets and therefore, this classification of net assets has been omitted from the financial statements.

Cash

The Organization maintains a cash balance at one local financial institution, which is insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured cash balances at December 31, 2016 and 2015.

Contributions and Promises to Give

Contributions, including unconditional promises to give, are recorded at estimated fair market value at the date of donation. Unconditional promises to give due in less than one year are recorded at their net realizable value. Unconditional promises to give due in more than one year are recorded at fair value in the year promised using present value techniques. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of cash, other assets, and unconditional promises to give are recognized when received from the donor. Classification of these contributions as unrestricted, temporarily restricted, or permanently restricted is based upon any donor-imposed stipulations that limit the use of the donated assets. When a donor-imposed restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities of that year as net assets released from restrictions.

Provision for losses on promises to give is made when considered necessary to maintain an adequate allowance to cover bad debts. Promises to give are charged against the allowance when the Organization determines that payments will not be received. Subsequent receipts are credited to the allowance. As of December 31, 2016 and 2015, the Organization estimates that no reserve for losses on promises to give is required. As of December 31, 2016 and 2015, there was no bad debt expense recognized.

Donated Facilities and Services

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 years ended December 31, 2016 and 2015, the Organization received contributed professional services with a fair market value of \$5,600 and \$27,233, respectively. Over 600 volunteers donated 16,482 and 9,958 hours of service during the years ended December 31, 2016 and 2015, respectively.

Property and Equipment

Property 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 fifteen years for building improvements and five years for all other property and equipment.

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, 2016 AND 2015**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's Forms 990 Return of Organization Exempt from Income Tax for the years ending 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition.

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.

Date of Management's Review

Management has evaluated subsequent events through May 11, 2017, the date which the financial statements were available to be issued.

NOTE 2 – FAIR VALUE MEASUREMENTS

Accounting standards require that assets that are measured at fair value be categorized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to measurements involving significant unobservable inputs. If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted market prices for identical assets and liabilities in active markets.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 – FAIR VALUE MEASUREMENTS (Cont'd)

- Level 2 – Unadjusted quoted market prices for similar assets and liabilities in active markets (other than those included in Level 1), which 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 – Significant unobservable inputs for the asset or liability.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 34,966	\$ 34,966
Vehicle	29,022	29,022
Fixtures and equipment	<u>7,307</u>	<u>7,307</u>
	71,295	71,295
Less: accumulated depreciation	<u>(13,552)</u>	<u>(3,160)</u>
Net property and equipment	<u>\$ 57,743</u>	<u>\$ 68,135</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$10,392 and \$3,160, respectively.

NOTE 4 – RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Restricted for general operations	\$ -	\$ 5,146
Restricted for a future time period	-	5,000
Restricted for family transition program	13,500	-
Restricted for computer classes	3,000	-
Restricted for development planning	<u>1,374</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 17,874</u>	<u>\$ 10,146</u>

There were no permanently restricted net assets at December 31, 2016 and 2015.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 – SUBSEQUENT EVENTS

In January 2017, the Organization entered into a four year lease agreement for a new facility. The lease agreement expires December 31, 2020 with the possibility to renew at the sole option of the Organization for two additional three-year terms with a third, three-year renewal at the mutual consent of the Organization and the lessor. Monthly rental payments are \$1,500. Minimum future rental payments under the non-cancelable lease are as follows:

Year ended December 31:	
2017	\$ 18,000
2018	18,000
2019	18,000
2020	<u>18,000</u>
	<u>\$ 72,000</u>

As part of the change in facility locations, the Organization will abandon \$32,383, net of depreciation, in leasehold improvements related to the previous facility.

In February 2017, the Board of Directors designated \$60,000 of unrestricted net assets to the Growth Initiatives Fund. Funds will be used for new initiatives to expand the mission of the Organization.