

**FAMILY PROMISE
OF SOUTHERN CHESTER COUNTY**

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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
February 9, 2018

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FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 275,254	\$ 239,620
TOTAL CURRENT ASSETS	275,254	239,620
Property and equipment, net	<u>18,094</u>	<u>57,743</u>
TOTAL ASSETS	<u>\$ 293,348</u>	<u>\$ 297,363</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,153	\$ 4,475
TOTAL CURRENT LIABILITIES	1,153	4,475
NET ASSETS		
Unrestricted:		
Board designated	60,000	-
Undesignated	<u>211,398</u>	<u>275,014</u>
Total unrestricted net assets	271,398	275,014
Temporarily restricted	<u>20,797</u>	<u>17,874</u>
TOTAL NET ASSETS	<u>292,195</u>	<u>292,888</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 293,348</u>	<u>\$ 297,363</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>
SUPPORT, REVENUES, AND RECLASSIFICATIONS			
Contributions	\$ 266,553	\$ 17,797	\$ 284,350
Donated in-kind	9,500	-	9,500
Interest	1,584	-	1,584
Loss on disposal of assets	(32,189)	-	(32,189)
Net assets released from restrictions	14,874	(14,874)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	<u>260,322</u>	<u>2,923</u>	<u>263,245</u>
EXPENSES			
Program services	216,668	-	216,668
Supporting services			
Management and general	39,065	-	39,065
Fundraising	8,205	-	8,205
TOTAL EXPENSES	<u>263,938</u>	<u>-</u>	<u>263,938</u>
CHANGES IN NET ASSETS	(3,616)	2,923	(693)
NET ASSETS - BEGINNING OF YEAR	<u>275,014</u>	<u>17,874</u>	<u>292,888</u>
NET ASSETS - END OF YEAR	<u>\$ 271,398</u>	<u>\$ 20,797</u>	<u>\$ 292,195</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><u>\$ 275,014</u></u>	<u><u>\$ 17,874</u></u>	<u><u>\$ 292,888</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, 2017**

	Program Services	Management and General	Fundraising	Total 2017
COMPENSATION RELATED				
Salaries	\$ 109,577	\$ 7,550	\$ 3,776	\$ 120,903
Payroll taxes and insurance	11,475	857	378	12,710
Employee benefits	835	98	49	982
TOTAL COMPENSATION RELATED	<u>121,887</u>	<u>8,505</u>	<u>4,203</u>	<u>134,595</u>
DAY CENTER FACILITY				
Occupancy	31,696	6,038	-	37,734
Maintenance and repairs	8,104	-	-	8,104
Supplies	15,097	-	-	15,097
Transportation	2,286	-	-	2,286
Other	16,084	-	-	16,084
TOTAL CLIENT ASSISTANCE	<u>73,267</u>	<u>6,038</u>	<u>-</u>	<u>79,305</u>
Association fees	-	3,803	-	3,803
Bank fees	-	647	647	1,294
Depreciation	7,122	338	-	7,460
Fundraising	-	-	3,312	3,312
Insurance	4,405	2,587	-	6,992
Marketing	2,871	-	-	2,871
Miscellaneous	-	902	-	902
Office expense	-	319	-	319
Postage	-	840	-	840
Printing	3,916	387	-	4,303
Professional fees	-	14,424	-	14,424
Training	1,283	85	43	1,411
Travel	1,917	190	-	2,107
	<u>21,514</u>	<u>24,522</u>	<u>4,002</u>	<u>50,038</u>
TOTAL EXPENSE	<u>\$ 216,668</u>	<u>\$ 39,065</u>	<u>\$ 8,205</u>	<u>\$ 263,938</u>

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services	Management and General	Fundraising	Total 2016
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 EXPENSES	<u>\$ 162,942</u>	<u>\$ 25,810</u>	<u>\$ 5,856</u>	<u>\$ 194,608</u>

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (693)	\$ 98,778
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	7,460	10,392
Loss on disposal of leasehold improvements	32,189	-
(Increase) decrease in operating assets:		
Promises to give	-	5,000
Increase (decrease) in operating liabilities:		
Accrued expenses	(3,322)	3,594
NET CASH USED BY OPERATING ACTIVITIES	<u>35,634</u>	<u>117,764</u>
NET INCREASE IN CASH	35,634	117,764
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>239,620</u>	<u>121,856</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 275,254</u></u>	<u><u>\$ 239,620</u></u>

See Accountants' Review Report and Notes to Financial Statements

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**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.

The Organization operates under a licensing agreement with Family Promise, a New Jersey not-for-profit corporation based in Summit, New Jersey. The Organization must follow specific contingencies outlined in the agreement, including payment of annual affiliate dues to Family Promise, in order to continue operating as “Family Promise”.

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, 2017 and 2016, 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 two local financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured cash balances at December 31, 2017 and 2016.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**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.

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, 2017 and 2016, the Organization estimates that no reserve for losses on promises to give is required. As of December 31, 2017 and 2016, 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, 2017 and 2016, the Organization received contributed professional services and facilities with a fair market value of \$9,500 and \$5,600, respectively. Over 600 volunteers donated 13,939 and 16,482 hours of service during the years ended December 31, 2017 and 2016, respectively.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)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.

Advertising

The costs of advertising are expensed as incurred. Advertising expense was \$2,871 and \$1,112 for years ended December 31, 2017 and 2016, respectively.

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.

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 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.

Allocation of Functional Expenses

The costs of providing the various programs and other services 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 Approval

Management has evaluated subsequent events through February 9, 2018, the date the financial statements were available to be issued and determined there were no other items to be disclosed.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ -	\$ 34,966
Vehicle	29,022	29,022
Fixtures and equipment	<u>7,307</u>	<u>7,307</u>
	36,329	71,295
Less: accumulated depreciation	<u>(18,235)</u>	<u>(13,552)</u>
Net property and equipment	<u>\$ 18,094</u>	<u>\$ 57,743</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$7,460 and \$10,392, respectively.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Restricted for family transition program	\$ 13,500	\$ 13,500
Restricted for development planning	-	1,374
Restricted for office equipment	668	-
Restricted for computer classes	3,000	3,000
Restricted for marketing	1,129	-
Restricted for pet expenses	<u>2,500</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 20,797</u>	<u>\$ 17,874</u>

There were no permanently restricted net assets at December 31, 2017 and 2016.

NOTE 4 – BOARD RESTRICTED NET ASSETS

The governing Board of a nonprofit organization may designate a portion of unrestricted net assets for a specific purpose as a management tool. Those Board designations are not restrictions because the designations may be reversed by the Board, and they do not alter the nature of unrestricted contributions.

During the year ended December 31, 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.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**NOTE 5 – LEASE COMMITMENT**

During the year ended December 31, 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. Rent expense for the years ended December 31, 2017 and 2016 was \$18,000 and \$0, respectively. Minimum future rental payments under the non-cancelable lease are as follows:

Year ended December 31:		
2018	\$	18,000
2019		18,000
2020		<u>18,000</u>
	\$	<u>54,000</u>