

**TOLEDO COMMUNITY SERVICE CENTER  
dba FAMILY HOUSE**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2012 and 2011**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to the Financial Statements	6-9



MOSLEY, PFUNDT, GLICK & DEMARCO, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Toledo Community Service Center  
dba Family House  
Toledo, Ohio

We have audited the accompanying statements of financial position of Toledo Community Service Center dba Family House (a nonprofit organization) as of June 30, 2012 and 2011 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toledo Community Service Center dba Family House as of June 30, 2012 and 2011, and the changes of net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Mosley, Pfundt, Glick & Demarco, Inc.*

January 17, 2013

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2012 and 2011**

ASSETS	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 100,763	\$ 85,674
Grants receivable	47,427	48,336
Prepaid insurance	17,219	19,832
Industrial insurance deposit	990	990
Net property and equipment	<u>80,008</u>	<u>86,256</u>
Total assets	<u>\$ 246,407</u>	<u>\$ 241,088</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 18,126	\$ 21,428
Accrued wages and vacation	5,984	4,400
Deferred revenue	21,079	-
Payroll taxes withheld and accrued	<u>513</u>	<u>3,848</u>
Total liabilities	45,702	29,676
Net assets		
Unrestricted	178,288	190,639
Temporarily restricted	<u>22,417</u>	<u>20,773</u>
Total net assets	<u>200,705</u>	<u>211,412</u>
Total liabilities and net assets	<u>\$ 246,407</u>	<u>\$ 241,088</u>

The accompanying notes are an integral part of these financial statements.

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE**  
**STATEMENTS OF ACTIVITIES**  
**Years ended June 30, 2012 and 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Totals</u>
<b>Support and revenue</b>			
Grants and contracts	\$ 430,840	\$ 176,935	\$ 607,775
Contributions	16,005	14,389	30,394
Shelter fees	821	-	821
Fundraising	17,683	-	17,683
Interest	-	-	-
In-kind donations	94,977	-	94,977
Net assets released from restrictions	<u>189,680</u>	<u>(189,680)</u>	<u>-</u>
 Total support and revenue	 750,006	 1,644	 751,650
 <b>Expenses</b>			
Program	648,300	-	648,300
Fundraising	9,969	-	9,969
Management and general	<u>104,088</u>	<u>-</u>	<u>104,088</u>
 Total expenses	 <u>762,357</u>	 <u>-</u>	 <u>762,357</u>
 Change in net assets	 (12,351)	 1,644	 (10,707)
 Net assets beginning of year	 <u>190,639</u>	 <u>20,773</u>	 <u>211,412</u>
 Net assets end of year	 <u>\$ 178,288</u>	 <u>\$ 22,417</u>	 <u>\$ 200,705</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Totals</u>
Support and revenue			
Grants and contracts	\$ 431,453	\$ 171,891	\$ 603,344
Contributions	40,524	8,635	49,159
Shelter fees	1,819	-	1,819
Fundraising	481	-	481
Interest	-	-	-
In-kind donations	78,786	-	78,786
Net assets released from restrictions	<u>167,504</u>	<u>(167,504)</u>	<u>-</u>
 Total support and revenue	 720,567	 13,022	 733,589
Expenses			
Program	652,071	-	652,071
Fundraising	9,624	-	9,624
Management and general	<u>107,794</u>	<u>-</u>	<u>107,794</u>
 Total expenses	 <u>769,489</u>	 <u>-</u>	 <u>769,489</u>
 Change in net assets	 (48,922)	 13,022	 (35,900)
 Net assets beginning of year	 <u>239,561</u>	 <u>7,751</u>	 <u>247,312</u>
 Net assets end of year	 <u>\$ 190,639</u>	 <u>\$ 20,773</u>	 <u>\$ 211,412</u>

The accompanying notes are an integral part of these financial statements.

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years ended June 30, 2012 and 2011**

	Program Services	Fundraising	Management and General	2012 Totals
Salaries and wages	\$ 254,672	\$ 8,012	\$ 53,791	\$ 316,475
Employee fringe benefits and taxes	62,207	1,957	13,140	77,304
Insurance - general	13,236	-	3,111	16,347
Rent - in kind	48,242	-	11,338	59,580
Utilities	23,044	-	5,415	28,459
Office supplies	3,969	-	932	4,901
Printing	199	-	47	246
Supplies	115,319	-	-	115,319
Professional services	40,757	-	4,268	45,025
Staff development	(893)	-	(211)	(1,104)
Repairs and maintenance	7,741	-	1,819	9,560
Travel	3,862	-	907	4,769
Telephone and pager service	1,427	-	336	1,763
Advertising and recruiting	536	-	126	662
Supplies - contributed	35,397	-	-	35,397
Interest	-	-	-	-
Security	29,539	-	6,943	36,482
Membership dues	540	-	127	667
Lease expense	2,405	-	565	2,970
Miscellaneous	1,042	-	245	1,287
	<u>643,242</u>	<u>9,969</u>	<u>102,899</u>	<u>756,109</u>
Total expenses before depreciation				
Depreciation	5,059	-	1,189	6,248
	<u>648,300</u>	<u>9,969</u>	<u>104,088</u>	<u>762,357</u>
Total expenses				

	Program Services	Fundraising	Management and General	2011 Totals
Salaries and wages	\$ 246,968	\$ 7,770	\$ 52,164	\$ 306,902
Employee fringe benefits and taxes	58,919	1,854	12,445	73,218
Insurance - general	13,569	-	3,189	16,758
Rent - in kind	48,242	-	11,338	59,580
Utilities	34,836	-	8,186	43,022
Office supplies	4,657	-	1,094	5,751
Printing	334	-	78	412
Supplies	106,932	-	-	106,932
Professional services	65,473	-	6,857	72,330
Staff development	1,964	-	464	2,428
Repairs and maintenance	4,908	-	1,153	6,061
Travel	2,904	-	682	3,586
Telephone and pager service	3,168	-	745	3,913
Advertising and recruiting	1,113	-	261	1,374
Supplies - contributed	19,206	-	-	19,206
Interest	114	-	27	141
Security	28,943	-	6,803	35,746
Membership dues	328	-	77	405
Lease expense	1,958	-	460	2,418
Miscellaneous	1,995	-	469	2,464
	<u>646,531</u>	<u>9,624</u>	<u>106,492</u>	<u>762,647</u>
Total expenses before depreciation				
Depreciation	<u>5,540</u>	<u>-</u>	<u>1,302</u>	<u>6,842</u>
Total expenses	<u>\$ 652,071</u>	<u>\$ 9,624</u>	<u>\$ 107,794</u>	<u>\$ 769,489</u>

The accompanying notes are an integral part of these financial statements.



**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE**  
**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ (10,707)	\$ (35,900)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,248	6,842
Changes in operating assets and liabilities:		
Decrease in:		
Grants receivable	909	96,058
Prepaid insurance	2,613	3,952
Increase (decrease) in:		
Accounts payable	(3,302)	3,556
Accrued wages and vacation	1,584	(13,107)
Deferred revenue	21,079	(29,273)
Payroll taxes withheld and accrued	<u>(3,335)</u>	<u>(1,010)</u>
Net cash provided by operating activities	15,089	31,118
Cash flows from investing activities		
Purchases of property and equipment	<u>-</u>	<u>(7,585)</u>
Net cash used in investing activities	<u>-</u>	<u>(7,585)</u>
Net increase in cash	15,089	23,533
Cash at beginning of year	<u>85,674</u>	<u>62,141</u>
Cash at end of year	<u>\$ 100,763</u>	<u>\$ 85,674</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ -</u>	<u>\$ 141</u>

The accompanying notes are an integral part of these financial statements.

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE  
NOTES TO THE FINANCIAL STATEMENTS**

**Note A – Significant Accounting Policies**

Nature of operations

Toledo Community Service Center dba Family House (the "Center") provides temporary shelter and food to the homeless. The Center also provides a variety of services including case management as well as assistance in locating permanent homes. The majority of funds for the operations are received from city, state, and federal government agencies.

Basis of presentation

The Center's financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

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 and disclosures. Actual results may differ from those estimates.

Cash and cash equivalents

The Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Property and equipment

The Center capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are carried at cost and include the cost of improvements, if any, which have materially added to the capacity or extended the useful life of the asset. Depreciation is provided over the estimated useful lives of the assets by application of the straight-line method.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain expenses have been allocated among the programs and support services benefited. Although considered appropriate, other methods of allocation could be used that would produce different results.

Income taxes

The Internal Revenue Service has determined that the Center is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the Center is publicly supported. As a result, no provision for federal or state income taxes has been made.

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note A – Significant Accounting Policies (continued)**

Income taxes - continued

FASB ASC #740, *Income Taxes*, requires entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including the year ended July 1, 2010 and later are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Center does not believe that it has any uncertain tax positions with respect to these or other matters, and has not recorded any unrecognized tax benefits or liability for penalties or interest.

The Center is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.

Contributed facilities and supplies

Generally, in-kind contributions have been used for matching requirements and are valued in accordance with current allowable rates as published by the grantor for space costs, insurance, and utilities. The City of Toledo provides use of operating facilities to the Center in exchange for annual rent in the amount of one dollar (\$1), which is not fair value. The use of the operating facilities has been included in the statement of activities at its fair value.

Classes of net assets

A description of the Center's net asset categories is as follows:

Unrestricted net assets are those currently available for use in the activities of the Center under the direction of the board.

Temporarily restricted net assets are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment; or those not currently available for use until commitment regarding their use have been fulfilled or lifetime beneficiary interests have ceased.

Permanently restricted net assets are those contributed with donor stipulations that they be held in perpetuity with the use of income for unrestricted or temporarily restricted purposes. At June 30, 2012 and 2011, no permanently restricted net assets were maintained.

Subsequent events

Subsequent events were evaluated through February 17, 2013, the date the financial statements were issued.

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE  
NOTES TO THE FINANCIAL STATEMENTS**

**Note B – Pension Plan**

All eligible employees of the Center are offered to participate in a noncontributory 403(b) plan of the Mutual of America Life Insurance Company, upon completion of one year of service and the attainment of age twenty-one. The plan provides benefits to participants upon their retirement, disability or death. The Center's contributions to the plan are based upon wages and are made through the United Way of Greater Toledo.

Two current and former employees are also covered under a multi-employer defined benefit pension plan administered by the United Way of Greater Toledo. The accumulated plan benefits and plan net assets attributable to the Center's employees under the plan are not readily determinable. As of December 31, 2003, this plan was frozen and the accrual of benefits ceased. Pension contributions in the amount of \$5,894 and \$6,853 were made during 2012 and 2011, respectively, in order to fulfill the minimum funding requirements. For the year ending June 30, 2013, the pension contribution is expected to be approximately \$4,200.

Expenses related to these two plans totaled \$8,345 and \$10,816 for the years ending June 30, 2012 and 2011, respectively, and are reflected in employee fringe benefits in the statements of functional expenses.

**Note C – Property and Equipment**

	2012	2011
Leasehold improvements	\$ 258,522	\$ 258,522
Furniture and fixtures and other depreciable property	62,412	62,412
Total	320,934	320,934
Less accumulated depreciation	240,926	234,678
Net property and equipment	\$ 80,008	\$ 86,256

Depreciation expense for the years ended June 30, 2012 and 2011 was \$6,248 and \$6,842, respectively.

**Note D – Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2012 and 2011 are available for the following purposes:

	2012	2011
Resident aftercare	\$ 378	\$ -
Preschool	3,190	3,190
Food and housing	16,903	15,687
Administrative	1,623	1,573
Christmas	323	323
Total	\$ 22,417	\$ 20,773

**TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE  
NOTES TO THE FINANCIAL STATEMENTS**

**Note E – Leases**

As mentioned in Note A, the City of Toledo provides use of operating facilities to the Center in exchange for annual rent in the amount of one dollar (\$1) under an operating lease agreement. This lease was renewed in April 2008 and will expire in April 2013. Future payments related to this lease are \$1 in 2013.