

**TOLEDO COMMUNITY SERVICE CENTER
dba FAMILY HOUSE**

FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

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

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Toledo Community Service Center
dba Family House

We have audited the accompanying financial statements of Toledo Community Service Center dba Family House (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities 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. Those standards require that we plan and perform the audit 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 entity'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 entity'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 Toledo Community Service Center dba Family House as of June 30, 2015 and 2014, 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.

De Marco & Associates CPAs, LLC

Perrysburg, Ohio
January 28, 2016

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 83,069	\$ 128,758
Grants receivable	166,348	98,723
Prepaid insurance	17,247	11,956
Industrial insurance deposit	990	990
Net property and equipment	<u>77,104</u>	<u>86,958</u>
Total assets	<u>\$ 344,758</u>	<u>\$ 327,385</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 5,779	\$ 3,538
Accrued wages and vacation	7,897	6,298
Deferred revenue	-	5,425
Payroll taxes withheld and accrued	<u>1,186</u>	<u>482</u>
Total liabilities	14,862	15,743
Net assets		
Unrestricted	304,808	286,365
Temporarily restricted	<u>25,088</u>	<u>25,277</u>
Total net assets	<u>329,896</u>	<u>311,642</u>
Total liabilities and net assets	<u>\$ 344,758</u>	<u>\$ 327,385</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, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Totals</u>
Support and revenue			
Grants and contracts	\$ 136,501	\$ 351,800	\$ 488,301
Contributions	96,841	29,940	126,781
Fundraising	21,298	-	21,298
Interest	79	-	79
In-kind donations	166,133	-	166,133
Net assets released from restrictions	<u>381,929</u>	<u>(381,929)</u>	<u>-</u>
 Total support and revenue	 802,781	 (189)	 802,592
Expenses			
Program	663,073	-	663,073
Fundraising	22,236	-	22,236
Management and general	<u>99,029</u>	<u>-</u>	<u>99,029</u>
 Total expenses	 <u>784,338</u>	 <u>-</u>	 <u>784,338</u>
 Change in net assets	 18,443	 (189)	 18,254
 Net assets beginning of year	 <u>286,365</u>	 <u>25,277</u>	 <u>311,642</u>
 Net assets end of year	 <u>\$ 304,808</u>	 <u>\$ 25,088</u>	 <u>\$ 329,896</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Totals</u>
Support and revenue			
Grants and contracts	\$ 222,915	\$ 257,405	\$ 480,320
Contributions	85,545	1,959	87,504
Fundraising	15,704	-	15,704
Interest	166	-	166
In-kind donations	133,137	-	133,137
Net assets released from restrictions	<u>237,814</u>	<u>(237,814)</u>	<u>-</u>
 Total support and revenue	 695,281	 21,550	 716,831
Expenses			
Program	493,474	-	493,474
Fundraising	7,686	-	7,686
Management and general	<u>90,200</u>	<u>-</u>	<u>90,200</u>
 Total expenses	 <u>591,360</u>	 <u>-</u>	 <u>591,360</u>
 Change in net assets	 103,921	 21,550	 125,471
 Net assets beginning of year	 <u>182,444</u>	 <u>3,727</u>	 <u>186,171</u>
 Net assets end of year	 <u>\$ 286,365</u>	 <u>\$ 25,277</u>	 <u>\$ 311,642</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, 2015 and 2014

	Program Services	Fundraising	Management and General	2015 Totals
Salaries and wages	\$ 261,029	\$ 8,211	\$ 55,133	\$ 324,373
Employee fringe benefits and taxes	70,099	2,211	14,840	87,150
Insurance - general	11,035	-	2,594	13,629
Rent - in kind	48,242	-	11,338	59,580
Utilities	25,440	-	5,978	31,418
Office supplies	4,502	-	1,057	5,559
Printing	680	-	160	840
Supplies	88,890	-	-	88,890
Professional services	22,497	-	2,356	24,853
Staff development	438	-	101	539
Repairs and maintenance	4,378	-	1,029	5,407
Travel	1,982	-	465	2,447
Telephone	2,324	-	548	2,872
Supplies - contributed	106,553	-	-	106,553
Interest	-	-	-	-
Security	814	-	191	1,005
Membership dues	1,794	-	329	2,123
Lease expense	2,103	-	495	2,598
Fundraising	-	11,814	-	11,814
Miscellaneous	2,295	-	539	2,834
	<u>655,095</u>	<u>22,236</u>	<u>97,153</u>	<u>774,484</u>
Total expenses before depreciation				
Depreciation	<u>7,978</u>	<u>-</u>	<u>1,876</u>	<u>9,854</u>
Total expenses	<u>\$ 663,073</u>	<u>\$ 22,236</u>	<u>\$ 99,029</u>	<u>\$ 784,338</u>

	Program Services	Fundraising	Management and General	2014 Totals
Salaries and wages	\$ 198,900	\$ 6,257	\$ 42,011	\$ 247,168
Employee fringe benefits and taxes	45,300	1,429	9,590	56,319
Insurance - general	13,887	-	3,264	17,151
Rent - in kind	48,242	-	11,338	59,580
Utilities	29,703	-	6,980	36,683
Office supplies	3,292	-	773	4,065
Printing	-	-	-	-
Supplies	4,619	-	-	4,619
Professional services	38,216	-	4,002	42,218
Staff development	61	-	14	75
Repairs and maintenance	5,862	-	1,378	7,240
Travel	1,878	-	441	2,319
Telephone	5,231	-	1,234	6,465
Supplies - contributed	59,138	-	-	59,138
Interest	11	-	-	11
Security	28,673	-	6,739	35,412
Membership dues	452	-	83	535
Lease expense	1,446	-	340	1,786
Fundraising	1,033	-	243	1,276
Miscellaneous	635	-	149	784
	<u>486,579</u>	<u>7,686</u>	<u>88,579</u>	<u>582,844</u>
Total expenses before depreciation				
Depreciation	<u>6,895</u>	<u>-</u>	<u>1,621</u>	<u>8,516</u>
Total expenses	<u>\$ 493,474</u>	<u>\$ 7,686</u>	<u>\$ 90,200</u>	<u>\$ 591,360</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, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 18,254	\$ 125,471
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,854	8,516
Donated vehicles	-	(14,419)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(67,625)	(6,102)
Prepaid insurance	(5,291)	610
Increase (decrease) in:		
Accounts payable	2,241	(3,473)
Accrued wages and vacation	1,599	1,623
Deferred revenue	(5,425)	5,425
Payroll taxes withheld and accrued	704	124
Net cash provided by (used in) operating activities	(45,689)	117,775
Cash flows from investing activities		
Purchases of property and equipment	-	(7,295)
Net cash used in investing activities	-	(7,295)
Net increase (decrease) in cash	(45,689)	110,480
Cash at beginning of year	128,758	18,278
Cash at end of year	\$ 83,069	\$ 128,758
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ 11

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 June 30, 2012 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, 2015 and 2014, no permanently restricted net assets were maintained.

Subsequent events

Subsequent events were evaluated through January 28, 2016, the date the financial statements were available to be issued.

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

Note B – Retirement plan

Prior to September 1, 2014 the Center offered eligible employees 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.

During the current year, the Center established a SIMPLE IRA Plan covering all eligible employees. The Center will make a matching contribution equal to the employees contribution up to a limit of 3% of the employees compensation for the calendar year.

One current and nine former employees are 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 \$5,064 and \$4,021 were made during 2015 and 2014, respectively, in order to fulfill the minimum funding requirements. For the year ending June 30, 2016, the pension contribution is expected to be approximately \$5,153.

Expenses related to these three plans totaled \$16,899 and \$6,199 for the years ended June 30, 2015 and 2014, respectively, and are reflected in employee fringe benefits in the statements of functional expenses.

Note C – Property and equipment

Property and equipment at June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 258,522	\$ 258,522
Furniture and fixtures and other depreciable property	69,707	69,707
Vehicles	14,419	14,419
Total	<u>342,648</u>	<u>342,648</u>
Less accumulated depreciation	265,544	255,690
Net property and equipment	<u>\$ 77,104</u>	<u>\$ 86,958</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$9,854 and \$8,516, respectively.

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

Note D – Temporarily restricted net assets

Temporarily restricted net assets at June 30, 2015 and 2014 are available for the following purposes:

		2015		2014
Shelter services	\$	562	\$	21,540
Food and housing		24,562		3,737
Total	\$	25,088	\$	25,277

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 March 2013 and will expire in April 2018. Future payments related to this lease are \$1 each year through 2018.