

**TOLEDO COMMUNITY SERVICE CENTER
dba FAMILY HOUSE**

FINANCIAL STATEMENTS

Years Ended June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S 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, 2014 and 2013, 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, 2014 and 2013, 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.

DeMarco & Associates CPAs LLC

Perrysburg, Ohio
December 21, 2014

TOLEDO COMMUNITY SERVICE CENTER dba FAMILY HOUSE
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

| ASSETS | 2014 | 2013 |
|------------------------------------|------------|------------|
| Assets | | |
| Cash | \$ 128,758 | \$ 18,278 |
| Grants receivable | 98,723 | 92,621 |
| Prepaid insurance | 11,956 | 12,566 |
| Industrial insurance deposit | 990 | 990 |
| Net property and equipment | 86,958 | 73,760 |
| Total assets | \$ 327,385 | \$ 198,215 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 3,538 | \$ 7,011 |
| Accrued wages and vacation | 6,298 | 4,675 |
| Deferred revenue | 5,425 | - |
| Payroll taxes withheld and accrued | 482 | 358 |
| Total liabilities | 15,743 | 12,044 |
| Net assets | | |
| Unrestricted | 286,365 | 182,444 |
| Temporarily restricted | 25,277 | 3,727 |
| Total net assets | 311,642 | 186,171 |
| Total liabilities and net assets | \$ 327,385 | \$ 198,215 |

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, 2014 and 2013

| | <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> |

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>2013 Totals</u> |
|---------------------------------------|-----------------------|-----------------------------------|------------------------|
| Support and revenue | | | |
| Grants and contracts | \$ 336,580 | \$ 102,903 | \$ 439,483 |
| Contributions | 29,664 | 24,282 | 53,946 |
| Fundraising | 25,803 | - | 25,803 |
| Interest | - | - | - |
| In-kind donations | 75,783 | - | 75,783 |
| Net assets released from restrictions | <u>145,875</u> | <u>(145,875)</u> | <u>-</u> |
| Total support and revenue | 613,705 | (18,690) | 595,015 |
| Expenses | | | |
| Program | 504,448 | - | 504,448 |
| Fundraising | 9,140 | - | 9,140 |
| Management and general | <u>95,961</u> | <u>-</u> | <u>95,961</u> |
| Total expenses | <u>609,549</u> | <u>-</u> | <u>609,549</u> |
| Change in net assets | 4,156 | (18,690) | (14,534) |
| Net assets beginning of year | <u>178,288</u> | <u>22,417</u> | <u>200,705</u> |
| Net assets end of year | <u>\$ 182,444</u> | <u>\$ 3,727</u> | <u>\$ 186,171</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, 2014 and 2013

| | Program Services | Fundraising | Management and General | 2014 Totals |
|------------------------------------|---------------------|--------------|------------------------------|----------------|
| Salaries and wages | \$ 198,900 | \$ 6,257 | \$ 42,011 | \$ 247,168 |
| Employee fringe benefits and taxes | 45,400 | 1,429 | 9,590 | 56,419 |
| 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 and pager service | 5,231 | - | 1,234 | 6,465 |
| Advertising and recruiting | - | - | - | - |
| Supplies - contributed | 59,138 | - | - | 59,138 |
| Interest | 11 | - | - | 11 |
| Security | 28,673 | - | 6,739 | 35,412 |
| Membership dues | 352 | - | 83 | 435 |
| Lease expense | 1,446 | - | 340 | 1,786 |
| Miscellaneous | 1,668 | - | 392 | 2,060 |
| | <u>486,579</u> | <u>7,686</u> | <u>88,579</u> | <u>582,844</u> |
| Total expenses before depreciation | | | | |
| Depreciation | 6,895 | - | 1,621 | 8,516 |
| | <u>493,474</u> | <u>7,686</u> | <u>90,200</u> | <u>591,360</u> |
| Total expenses | | | | |

| | Program Services | Fundraising | Management and General | 2013 Totals |
|------------------------------------|---------------------|--------------|------------------------------|----------------|
| Salaries and wages | \$ 233,939 | \$ 7,359 | \$ 49,412 | \$ 290,710 |
| Employee fringe benefits and taxes | 56,602 | 1,781 | 11,956 | 70,339 |
| Insurance - general | 12,286 | - | 2,888 | 15,174 |
| Rent - in kind | 48,242 | - | 11,338 | 59,580 |
| Utilities | 23,011 | - | 5,407 | 28,418 |
| Office supplies | 2,028 | - | 476 | 2,504 |
| Printing | 308 | - | 73 | 381 |
| Supplies | 31,042 | - | - | 31,042 |
| Professional services | 35,140 | - | 3,680 | 38,820 |
| Staff development | 21 | - | 5 | 26 |
| Repairs and maintenance | 4,003 | - | 941 | 4,944 |
| Travel | 1,863 | - | 437 | 2,300 |
| Telephone and pager service | 1,442 | - | 340 | 1,782 |
| Advertising and recruiting | - | - | - | - |
| Supplies - contributed | 16,193 | - | - | 16,193 |
| Interest | - | - | - | - |
| Security | 27,907 | - | 6,559 | 34,466 |
| Membership dues | 158 | - | 37 | 195 |
| Lease expense | 2,347 | - | 551 | 2,898 |
| Miscellaneous | 2,857 | - | 672 | 3,529 |
| | <u>499,389</u> | <u>9,140</u> | <u>94,772</u> | <u>603,301</u> |
| Total expenses before depreciation | | | | |
| Depreciation | 5,059 | - | 1,189 | 6,248 |
| | <u>504,448</u> | <u>9,140</u> | <u>95,961</u> | <u>609,549</u> |
| Total expenses | | | | |

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, 2014 and 2013

| | 2014 | 2013 |
|--|------------|-------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 125,471 | \$ (14,534) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 8,516 | 6,248 |
| Donated vehicles | (14,419) | - |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Grants receivable | (6,102) | (45,194) |
| Prepaid insurance | 610 | 4,653 |
| Increase (decrease) in: | | |
| Accounts payable | (3,473) | (11,115) |
| Accrued wages and vacation | 1,623 | (1,309) |
| Deferred revenue | 5,425 | (21,079) |
| Payroll taxes withheld and accrued | 124 | (155) |
| | 117,775 | (82,485) |
| Net cash provided (used) by operating activities | | |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (7,295) | - |
| | (7,295) | - |
| Net cash used in investing activities | | |
| Net increase (decrease) in cash | 110,480 | (82,485) |
| Cash at beginning of year | 18,278 | 100,763 |
| Cash at end of year | \$ 128,758 | \$ 18,278 |
| 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, 2011 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, 2014 and 2013, no permanently restricted net assets were maintained.

Subsequent events

Subsequent events were evaluated through December 21, 2014, 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

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. As of September 1, 2014 this plan was terminated.

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 \$3,710 and \$4,021 were made during 2014 and 2013, respectively, in order to fulfill the minimum funding requirements. For the year ending June 30, 2015, the pension contribution is expected to be approximately \$3,731.

Expenses related to these two plans totaled \$6,199 and \$5,465 for the years ending June 30, 2014 and 2013, 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, 2014 and 2013 consisted of the following:

| | 2014 | 2013 |
|---|------------|------------|
| Leasehold improvements | \$ 258,522 | \$ 258,522 |
| Furniture and fixtures and other depreciable property | 69,707 | 62,412 |
| Vehicles | 14,419 | - |
| Total | 342,648 | 320,934 |
| Less accumulated depreciation | 255,690 | 247,174 |
| Net property and equipment | \$ 86,958 | \$ 73,760 |

Depreciation expense for the years ended June 30, 2014 and 2013 was \$8,516 and \$6,248, respectively.

Note D – Temporarily restricted net assets

Temporarily restricted net assets at June 30, 2014 and 2013 are available for the following purposes:

| | 2014 | 2013 |
|------------------|-----------|----------|
| Shelter services | \$ 21,540 | \$ - |
| Food and housing | 3,737 | 2,727 |
| Transportation | - | 1,000 |
| Total | \$ 25,277 | \$ 3,727 |

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