

ALMOST HOME

FINANCIAL STATEMENTS

December 31, 2014 and 2013



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Board of Directors
Almost Home
St. Louis, Missouri

We have audited the accompanying financial statements of Almost Home (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Almost Home as of December 31, 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.

Zielinski & Associates

April 7, 2015

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STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 424,046	\$ 158,253
Accounts receivable (Note B)	221,071	197,939
Prepaid expenses	12,451	11,790
Property, plant, and equipment—net (Note C)	1,152,415	1,228,581
Other investments		
Almost Home Permanent Housing, L.P. (Note D)	234,613	234,613
Other assets	<u>616</u>	<u>802</u>
TOTAL ASSETS	<u>\$ 2,045,212</u>	<u>\$ 1,831,978</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 26,356	\$ 68,956
Lease payable (Note F)	1,578	2,995
Other liabilities—Small Dollar IDA Program	<u>4,000</u>	<u>4,500</u>
TOTAL LIABILITIES	<u>31,934</u>	<u>76,451</u>
Net assets		
Unrestricted	1,829,443	1,589,046
Temporarily restricted (Note H)	<u>183,835</u>	<u>166,481</u>
TOTAL NET ASSETS	<u>2,013,278</u>	<u>1,755,527</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,045,212</u>	<u>\$ 1,831,978</u>

ALMOST HOME

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Participant fees	\$ 13,514	-	\$ 13,514	\$ 19,260	-	\$ 19,260
Government grants and fees	710,485	-	710,485	403,003	-	403,003
United Way	3,596	\$ 91,056	94,652	12,738	\$ 97,575	110,313
Donations, net of direct donor benefits and special event expenses of \$20,858 and \$20,863 in 2014 and 2013, respectively.	516,315	51,000	567,315	270,466	169,270	439,736
Interest	44	-	44	18	-	18
Gifts in-kind	32,106	-	32,106	49,748	-	49,748
	1,276,060	142,056	1,418,116	755,233	266,845	1,022,078
Net assets released from restrictions						
Satisfaction of program restrictions	124,702	(124,702)	-0-	254,949	(254,949)	-0-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	124,702	(124,702)	-0-	254,949	(254,949)	-0-
TOTAL SUPPORT AND REVENUE	1,400,762	17,354	1,418,116	1,010,182	11,896	1,022,078
Expenses						
Program services	866,640	-	866,640	786,420	-	786,420
Management and general	186,025	-	186,025	160,452	-	160,452
Fundraising	107,700	-	107,700	81,566	-	81,566
TOTAL EXPENSES	1,160,365	-	1,160,365	1,028,438	-	1,028,438
CHANGES IN NET ASSETS	240,397	17,354	257,751	(18,256)	11,896	(6,360)
Net Assets, Beginning of Year	1,589,046	166,481	1,755,527	1,607,302	154,585	1,761,887
NET ASSETS, END OF YEAR	\$ 1,829,443	\$ 183,835	\$ 2,013,278	\$ 1,589,046	\$ 166,481	\$ 1,755,527

ALMOST HOME

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2014 and 2013

	2014				2013			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	-	\$ 1,702	-	\$ 1,702	-	\$ 1,945	-	\$ 1,945
Interest expense	\$ 1,271	159	\$ 128	1,558	\$ 246	90	\$ 59	395
Food	31,931	-	-	31,931	25,685	-	-	25,685
Supplies	12,239	-	-	12,239	9,981	288	144	10,413
Dues and subscriptions	891	94	89	1,074	3,339	1,219	804	5,362
Utilities	28,821	2,360	1,399	32,580	30,454	2,655	1,582	34,691
Miscellaneous	6,712	3,705	747	11,164	3,935	7,737	317	11,989
Postage and office supplies	5,353	1,511	538	7,402	3,343	1,221	806	5,370
Insurance	19,657	1,166	1,234	22,057	18,036	767	384	19,187
Repairs and maintenance	40,541	2,092	1,503	44,136	33,353	3,367	2,087	38,807
Salaries and payroll taxes	472,960	96,977	82,797	652,734	417,332	79,768	61,237	558,337
Donation in-kind salaries	22,703	7,568	-	30,271	39,735	7,012	-	46,747
Benefits	44,968	4,735	4,519	54,222	24,476	2,451	1,415	28,342
Education	4,546	23,745	474	28,765	4,480	1,528	1,008	7,016
Counseling	-	-	-	-0-	11,939	-	-	11,939
Transportation	8,754	17	16	8,787	6,846	486	8	7,340
Taxes and licenses	214	252	21	487	280	379	-	659
Professional fees	88,686	36,860	12,544	138,090	76,348	46,279	10,085	132,712
Depreciation	76,393	3,082	1,691	81,166	76,612	3,260	1,630	81,502
TOTAL EXPENSES	\$ 866,640	\$ 186,025	\$ 107,700	\$ 1,160,365	\$ 786,420	\$ 160,452	\$ 81,566	\$ 1,028,438

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STATEMENTS OF CASH FLOWS

For the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 257,751	\$ (6,360)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	81,166	81,502
Changes in:		
Accounts receivable	(23,132)	(51,932)
Prepaid expenses and other assets	(475)	(545)
Accounts payable and other liabilities	<u>(44,517)</u>	<u>7,861</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>270,793</u>	<u>30,526</u>
Cash Flows from Investing Activities		
Property and equipment—net	<u>(5,000)</u>	<u>(18,282)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,000)</u>	<u>(18,282)</u>
NET INCREASE IN CASH	265,793	12,244
Cash and Cash Equivalents, Beginning of Year	<u>158,253</u>	<u>146,009</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 424,046</u>	<u>\$ 158,253</u>
Interest Paid	<u>\$ 1,558</u>	<u>\$ 395</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Almost Home (the Organization), a not-for-profit corporation, is a transitional living experience for young women with children, coming from inadequate housing or other agencies, who want to develop personal and economic independence and stability. Almost Home commits to provide an environment of trust and respect where women may develop concrete skills which will enable them to achieve their individual goals. Almost Home is located in St. Louis, Missouri.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets—net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—net assets that may be used only after the passage of a donor-stipulated period of time or for a donor-stipulated purpose.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts. At times, cash may be in excess of the FDIC limits.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 4, 2015, the date the financial statements were available to be issued.

Subsequent to the year ended December 31, 2014, the Organization obtained a line of credit with a maximum access of \$90,000. There have been no draws on the line of credit through April 7, 2015.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or fair market value at date of donation. During the year ended December 31, 2014, the capitalization policy was reevaluated and increased. All expenditures for property and equipment in excess of \$1,000, previously \$500, are capitalized. Major renewals and improvements are capitalized while replacements, maintenance, and repairs which do not improve or extend the lives of the assets are expensed currently. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on a straight-line basis as follows:

	<u>Years</u>
Buildings	20-40
Furniture and equipment	3-10
Land improvements	20
Automobiles	5

Use of Estimates

In preparing the Organization's financial statements, in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Statements

The financial statements for the prior period are presented for comparative purposes.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from comparable state law whereby only unrelated business income when earned, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income.

The Organization does not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for them. For the year ended December 31, 2014, there were no penalties or interest recorded or included in the financial statements.

The Organization's Form 990, Return of Organization Exempt from Income Taxes for the years ending December 31, 2014, 2013, and 2012, are subject to examination by the IRS, generally three years after they were filed.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The Organization allocates certain of its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly to that function.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. Contributed services are recognized if the services require specialized skills and would need to be purchased if not provided by donation. Contributed services of \$30,271 and \$46,747 were received during the years ended December 31, 2014 and 2013, respectively.

NOTE B—ACCOUNTS RECEIVABLE

As of December 31, accounts receivable consist of:

	<u>2014</u>	<u>2013</u>
United Way	\$ 91,056	\$ 97,713
CACFP	1,691	10,784
St. Louis County	57,016	35,215
Affordable Housing Trust Fund	5,264	31,865
Almost Home Permanent Housing, L.P.	38,011	14,596
Other	<u>28,033</u>	<u>7,766</u>
TOTAL	<u>\$ 221,071</u>	<u>\$ 197,939</u>

The amounts due from the United Way represent the grant awarded in the current year for the following year. This grant has consistently been included in the revenue during the year it was awarded.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE C—PROPERTY, PLANT, AND EQUIPMENT

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

	<u>2014</u>	<u>2013</u>
Land	\$ 46,763	\$ 46,763
Buildings	1,762,883	1,762,883
Furniture and equipment	177,501	172,501
Land improvements	202,354	202,354
Automobiles	<u>41,162</u>	<u>41,162</u>
	2,230,663	2,225,663
Less: accumulated depreciation	<u>(1,078,248)</u>	<u>(997,082)</u>
TOTAL	<u>\$ 1,152,415</u>	<u>\$ 1,228,581</u>

Depreciation expense was \$81,166 and \$81,502 for the years ended December 31, 2014 and 2013, respectively.

NOTE D—INVESTMENT IN PARTNERSHIP

Almost Home is the general partner (0.01%) in Almost Home Permanent Housing, L.P. (Partnership). The limited partner is a bank (99.98%) and its affiliate (0.01%). The Partnership owns and operates an apartment building to be used as transitional housing for women. The investment in the Partnership is accounted for using the cost method. During the construction of the transitional housing, certain transactions occurred between (the Partnership) and the Organization.

As of December 31, 2014 and 2013, the Investment in Partnership consists of:

Cash advances to the Partnership	\$ 82,859
Cash contributed to Partnership	45,571
Land contributed to Partnership	61,754
Expenses paid during construction	<u>44,429</u>
TOTAL	<u>\$ 234,613</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE E—LINE OF CREDIT

At October 1, 2012, the Organization had access to a demand line of credit up to a maximum of \$100,000. On October 1, 2014, the line of credit was renewed. The interest rate charged on any outstanding balance will be LIBOR plus 2.00 percent. The Franciscan Sisters of Mary is the unconditional guarantor and has agreed to guarantee the line of credit in exchange for a Deed of Trust on the Organization's property. There have been no draws on the line of credit to date.

NOTE F—LEASE PAYABLE

During the year ended December 31, 2010, the Organization entered into a capital lease agreement for an office copier. The equipment has a value of \$6,153. As of December 31, 2014, the accumulated depreciation on the copier was \$5,845. The copier is being depreciated over the term of the capital lease, which is five years.

During the year ended December 31, 2013, the Organization entered into a capital lease agreement for an office copier. The equipment has a value of \$1,693. As of December 31, 2014, the accumulated depreciation on the copier was \$339. The copier will be depreciated over five years.

During the year ended December 31, 2013, the Organization entered into a non-cancelable operating lease for computer equipment and hosting. The term of the lease was three years. After the first year, this lease was canceled without penalty.

The future minimum lease payments as of December 31, 2014 are as follows:

<u>Year Ended</u>	
<u>December 31</u>	
2015	\$ 1,133
2016	<u>445</u>
	<u>\$ 1,578</u>

Interest paid on the leases was \$1,903 and \$395, respectively, for the years ended December 31, 2014 and 2013.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2014 and 2013

NOTE G—RELATED-PARTY TRANSACTIONS

Almost Home is sponsored by the Franciscan Sisters of Mary. Chiara Corporation was established by the Franciscan Sisters of Mary to provide funding for ministries that promote, enhance, and provide for the spiritual, religious, physical or mental wellbeing of members of society. Almost Home is a general partner in Almost Home Permanent Housing, L.P. The following significant transactions occurred between Almost Home, Chiara Corporation, the Franciscan Sisters of Mary, and Almost Home Permanent Housing, L.P. for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Franciscan Sisters of Mary		
Contributions received	\$ 5,950	\$ 5,000
Chiara Corporation		
Contributions received	\$ -0-	\$ 5,000

Accounts receivable of \$120,569 and \$97,455 at December 31, 2014 and 2013, respectively, is due from Almost Home Permanent Housing, L.P. for expenses paid and a general partner advance. Of these amounts, \$38,010 and \$14,596 at December 31, 2014 and 2013, respectively, are due for operating expenses and \$82,859 is an advance from the General Partner.

NOTE H—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2014</u>	<u>2013</u>
United Way	\$ 91,056	\$ 97,575
Scholarship Fund	23,788	23,788
Reserve Fund	10,925	10,925
Direct care	5,000	-
Alumni support	22,710	-
GED classes	10,000	-
Flooring repairs	-	5,000
HVAC units	-	5,000
Operating programs—subsequent year’s activities	<u>20,356</u>	<u>24,193</u>
TOTAL	<u>\$ 183,835</u>	<u>\$ 166,481</u>

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NOTES TO FINANCIAL STATEMENTS (*Continued*)

December 31, 2014 and 2013

NOTE I—CONTINGENT LIABILITIES

Almost Home receives State, St. Louis County, and City of St. Louis grant funding for specific purposes that are subject to review and audit by the grantor or their representatives. These reviews and audits could lead to requests for reimbursements or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. Almost Home is not aware of any noncompliance with State, St. Louis County, and City of St. Louis provisions that might require Almost Home to provide reimbursements that would be significant to the Almost Home financial statements.

Almost Home (general partner) and Almost Home Development, L.L.C. (guarantor) have certain obligations for operating deficits and certain other costs in connection with Almost Home Permanent Housing, L.P. (Project). The Project was completed during 2004 and began operations in September 2004.

NOTE J—CONCENTRATION OF CREDIT RISK

The Organization receives support from various sources. For 2014 and 2013, 40 percent and 27 percent, respectively, of the Organization's support was from a single source.

NOTE K—RECLASSIFICATION

As of December 31, 2013, certain balances have been reclassified for comparative purposes.

NOTE L—PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2014, the Organization determined it was necessary to reclassify unrestricted net assets to temporarily restricted net assets. Unrestricted and temporarily restricted net assets as of December 31, 2012 and 2013 have been restated to the correct amounts. The activities for the year ended December 31, 2013 have been restated to the correct amounts.