

ALMOST HOME

FINANCIAL STATEMENTS

December 31, 2015 and 2014



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's 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, 2015 and 2014, 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, 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.

Zielinski & Associates

March 23, 2016

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STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 360,369	\$ 424,046
Accounts receivable (Note B)	369,722	221,071
Prepaid expenses	7,012	12,451
Property, plant, and equipment—net (Note C)	1,081,384	1,152,415
Other investments		
Almost Home Permanent Housing, L.P. (Note D)	234,613	234,613
Other assets	<u>2,396</u>	<u>616</u>
TOTAL ASSETS	<u>\$ 2,055,496</u>	<u>\$ 2,045,212</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 54,641	\$ 26,356
Lease payable (Note F)	5,345	1,578
Other liabilities—Small Dollar IDA Program	<u>3,500</u>	<u>4,000</u>
TOTAL LIABILITIES	<u>63,486</u>	<u>31,934</u>
Net assets		
Unrestricted	1,816,831	1,829,443
Temporarily restricted (Note H)	<u>175,179</u>	<u>183,835</u>
TOTAL NET ASSETS	<u>1,992,010</u>	<u>2,013,278</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,055,496</u>	<u>\$ 2,045,212</u>

ALMOST HOME

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Participant fees	\$ 5,270	-	\$ 5,270	\$ 13,514	-	\$ 13,514
Government grants and fees	486,193	-	486,193	677,985	-	677,985
United Way	86,030	-	86,030	21,096	\$ 91,056	112,152
Donations, net of direct donor benefits and special event expenses of \$30,930 and \$20,858 in 2015 and 2014, respectively.	477,428	\$ 10,250	487,678	531,315	51,000	582,315
Interest	85	-	85	44	-	44
Gifts in-kind	33,629	-	33,629	32,106	-	32,106
	1,088,635	10,250	1,098,885	1,276,060	142,056	1,418,116
Net assets released from restrictions						
Satisfaction of program restrictions	18,906	(18,906)	-0-	124,702	(124,702)	-0-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	18,906	(18,906)	-0-	124,702	(124,702)	-0-
TOTAL SUPPORT AND REVENUE	1,107,541	(8,656)	1,098,885	1,400,762	17,354	1,418,116
Expenses						
Program services	787,832	-	787,832	866,640	-	866,640
Management and general	175,947	-	175,947	186,025	-	186,025
Fundraising	156,374	-	156,374	107,700	-	107,700
TOTAL EXPENSES	1,120,153	-	1,120,153	1,160,365	-	1,160,365
CHANGES IN NET ASSETS	(12,612)	(8,656)	(21,268)	240,397	17,354	257,751
Net Assets, Beginning of Year	1,829,443	183,835	2,013,278	1,589,046	166,481	1,755,527
NET ASSETS, END OF YEAR	\$ 1,816,831	\$ 175,179	\$ 1,992,010	\$ 1,829,443	\$ 183,835	\$ 2,013,278

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STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2015 and 2014

	2015				2014			
	<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	-	\$ 2,264	-	\$ 2,264	-	\$ 1,702	-	\$ 1,702
Interest expense	\$ 135	130	\$ 28	293	\$ 1,271	159	\$ 128	1,558
Food	28,338	-	-	28,338	31,931	-	-	31,931
Supplies	12,047	224	123	12,394	12,239	-	-	12,239
Fundraising	-	-	35,650	35,650	-	-	-	-0-
Dues and subscriptions	353	78	73	504	891	94	89	1,074
Utilities	30,323	1,988	1,503	33,814	28,821	2,360	1,399	32,580
Miscellaneous	17,363	5,335	2,770	25,468	6,712	3,705	747	11,164
Postage and office supplies	3,193	706	664	4,563	5,353	1,511	538	7,402
Insurance	16,872	2,038	1,769	20,679	19,657	1,166	1,234	22,057
Repairs and maintenance	27,150	1,431	1,049	29,630	40,541	2,092	1,503	44,136
Salaries and payroll taxes	435,012	95,794	88,799	619,605	472,960	96,977	82,797	652,734
Donation in-kind salaries	27,881	3,098	-	30,979	22,703	7,568	-	30,271
Benefits	24,707	5,792	6,702	37,201	44,968	4,735	4,519	54,222
Education	10,744	1,088	1,024	12,856	4,546	23,745	474	28,765
Transportation	11,391	2	2	11,395	8,754	17	16	8,787
Taxes and licenses	-	1,583	-	1,583	214	252	21	487
Professional fees	70,349	51,492	14,625	136,466	88,686	36,860	12,544	138,090
Depreciation	71,974	2,904	1,593	76,471	76,393	3,082	1,691	81,166
TOTAL EXPENSES	\$ 787,832	\$ 175,947	\$ 156,374	\$ 1,120,153	\$ 866,640	\$ 186,025	\$ 107,700	\$ 1,160,365

ALMOST HOME

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (21,268)	\$ 257,751
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	76,471	81,166
Changes in:		
Accounts receivable	(148,651)	(23,132)
Prepaid expenses and other assets	3,659	(475)
Accounts payable and other liabilities	<u>31,552</u>	<u>(44,517)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(58,237)</u>	<u>270,793</u>
Cash Flows from Investing Activities		
Property and equipment—net	<u>(5,440)</u>	<u>(5,000)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,440)</u>	<u>(5,000)</u>
NET (DECREASE) INCREASE IN CASH	(63,677)	265,793
Cash and Cash Equivalents, Beginning of Year	<u>424,046</u>	<u>158,253</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 360,369</u>	<u>\$ 424,046</u>
Interest Paid	<u>\$ 293</u>	<u>\$ 1,558</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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 March 23, 2016, 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 February 20, 2016.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2015 and 2014

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, 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, 2015, 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, 2015, 2014, and 2013, 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, 2015 and 2014

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 \$30,979 and \$30,271 were received during the years ended December 31, 2015 and 2014, respectively.

NOTE B—ACCOUNTS RECEIVABLE

As of December 31, accounts receivable consisted of:

	<u>2015</u>	<u>2014</u>
United Way	\$ 82,398	\$ 91,056
CACFP	-	1,691
St. Louis County	129,663	57,016
Affordable Housing Trust Fund	26,126	5,264
Almost Home Permanent Housing, L.P.	73,866	38,011
Other	<u>57,669</u>	<u>28,033</u>
TOTAL	<u>\$ 369,722</u>	<u>\$ 221,071</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, 2015 and 2014

NOTE C—PROPERTY, PLANT, AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Land	\$ 46,763	\$ 46,763
Buildings	1,762,883	1,762,883
Furniture and equipment	176,788	177,501
Land improvements	202,354	202,354
Automobiles	<u>41,162</u>	<u>41,162</u>
	2,229,950	2,230,663
Less: accumulated depreciation	<u>(1,148,566)</u>	<u>(1,078,248)</u>
TOTAL	<u>\$ 1,081,384</u>	<u>\$ 1,152,415</u>

Depreciation expense was \$76,471 and \$81,166 for the years ended December 31, 2015 and 2014, 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, 2015 and 2014, the Investment in Partnership consisted 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, 2015 and 2014

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, 2015, the Organization entered into a capital lease agreement for an office copier. The equipment has a value of \$5,440. As of December 31, 2015, the accumulated depreciation on the copier was \$725. 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, 2015, the accumulated depreciation on the copier was \$677. The copier will be depreciated over five years.

The future minimum lease payments as of December 31, 2015 are as follows:

<u>Year Ended</u> <u>December 31</u>	
2016	\$ 1,025
2017	765
Thereafter	<u>3,555</u>
	<u>\$ 5,345</u>

Interest paid on the leases was \$193 and \$1,903, respectively, for the years ended December 31, 2015 and 2014.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2015 and 2014

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 transaction 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>2015</u>	<u>2014</u>
Franciscan Sisters of Mary		
Contributions received	\$ 3,000	\$ 5,950

Accounts receivable of \$156,725 and \$120,569 at December 31, 2015 and 2014, respectively, is due from Almost Home Permanent Housing, L.P. for expenses paid and a general partner advance. Of these amounts, \$73,866 and \$38,010 at December 31, 2015 and 2014, 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>2015</u>	<u>2014</u>
United Way	\$ 91,056	\$ 91,056
Scholarship Fund	23,788	23,788
Reserve Fund	10,925	10,925
Direct care	775	5,000
Alumni support	22,354	22,710
GED classes	6,165	10,000
Operating programs—subsequent year’s activities	<u>20,116</u>	<u>20,356</u>
TOTAL	<u>\$ 175,179</u>	<u>\$ 183,835</u>

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NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2015 and 2014

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 2015 and 2014, 33 percent and 40 percent, respectively, of the Organization's support was from a single source.

NOTE K—RECLASSIFICATION

As of December 31, 2014, certain balances have been reclassified for comparative purposes.