Financial Statements

FAMILY PROMISE OF GREATER ORLANDO, INC.

December 31, 2017

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(With Independent Auditor's Report Thereon)

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Table of Contents

SCHAFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

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Independent Auditor's Report

The Board of Directors
Family Promise of Greater Orlando, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Family Promise of Greater Orlando, Inc. which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 Family Promise of Greater Orlando, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2018 on our consideration of the Family Promise of Greater Orlando, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Promise of Greater Orlando, Inc.'s internal control over financial reporting and compliance.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Maitland, Florida
February 23, 2018

FAMILY PROMISE OF GREATER ORLANDO, INC.

Statement of Financial Position

December 31, 2017

Assets

Cash and cash equivalents	$ 158,341
Accounts receivable	65,804
Pledges receivable (note 2)	206,771
Prepaid expenses	1,825
Property and equipment	
Vehicles	29,454
Furniture, fixtures and equipment	10,881
Accumulated depreciation	(21,796)
Total property and equipment, net	18,539
Other assets (note 3)	113,000
Total assets	$ 564,280

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	$ 15,664
Total liabilities	15,664
Net assets:	
Unrestricted	341,845
Temporarily restricted	206,771
Total net assets	548,616
Total liabilities and net assets	$ 564,280

See accompanying notes to financial statements.

FAMILY PROMISE OF GREATER ORLANDO, INC.

Statement of Activities

Year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Public support and revenue:			
Public support:			
Contributions:			
Individuals	$ 85,565	78,735	164,300
Community	14,715	-	14,715
Religious organizations	45,978	-	45,978
Corporate	37,067	-	37,067
Foundations	60,909	-	60,909
In-kind	135,067	-	135,067
Other	553	-	553
Revenue:			
Government grants	300,645	-	300,645
Net assets released from restrictions	65,543	(65,543)	-
	746,042	13,192	759,234
Expenses:			
Program services	604,496	-	604,496
Supporting services:			
Management and general	13,153	-	13,153
Fundraising	95,838	-	95,838
Total expenses	713,487	-	713,487
Change in net assets	32,555	13,192	45,747
Net assets at beginning of year	309,290	193,579	502,869
Net assets at end of year	$ 341,845	206,771	548,616

See accompanying notes to financial statements.

FAMILY PROMISE OF GREATER ORLANDO, INC.

Statement of Functional Expenses

Year ended December 31, 2017

	Program Services					
	Shelter/ Case Management	Housing/ Case Management	Total	Management and General	Fund Raising	Total
Payroll and related expenses	$ 109,915	146,660	256,575	10,315	55,440	322,330
Client assistance	-	7,809	7,809	-	-	7,809
Housing	-	135,803	135,803	-	-	135,803
Shelter	10,516	-	10,516	-	-	10,516
In-kind shelter facilities	45,720	-	45,720	-	-	45,720
Goods and gift cards	54,061	-	54,061	-	-	54,061
Meals	20,286	-	20,286	-	-	20,286
Day Center	15,000	-	15,000	-	-	15,000
Business and office	4,599	3,961	8,560	341	2,103	11,004
Professional development	1,175	1,591	2,766	104	596	3,466
Facility costs	9,404	6,753	16,157	290	1,708	18,155
Depreciation	6,375	-	6,375	-	-	6,375
Insurance	2,430	3,297	5,727	215	1,227	7,169
Professional fees	11,826	7,315	19,141	475	2,706	22,322
Promotions	-	-	-	-	32,058	32,058
Uncollectible pledges	-	-	-	737	-	737
Other	-	-	-	676	-	676
	$ 291,307	313,189	604,496	13,153	95,838	713,487

See accompanying notes to financial statements.

FAMILY PROMISE OF GREATER ORLANDO, INC.

Statement of Cash Flows

Year ended December 31, 2017

Cash flows from operating activities:	
Change in net assets	$ 45,747
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,375
Change in operating assets and liabilities:	
Accounts receivable	(2,821)
Pledges receivable	(13,192)
Prepaid expenses	(1,075)
Accounts payable and accrued expenses	756
Net cash provided by operating activities	35,790
Cash flows from investing activities:	
Acquisition of equipment	(935)
Net cash used in investing activities	(935)
Change in cash and cash equivalents	34,855
Cash and cash equivalents at beginning of year	123,486
Cash and cash equivalents at end of year	$ 158,341

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization and Purpose

Family Promise of Greater Orlando, Inc. (the Organization) is a not-for-profit Florida corporation, incorporated in 2000. The Organization seeks to alleviate homelessness by uniting religious and community organizations to provide shelter, meals, and compassionate assistance to families without homes. The mission of the Organization is to help low-income families achieve and sustain independence, while increasing volunteer involvement in direct service and advocacy. In support of this mission Orange and Seminole County faith communities have committed the hearts and hands of their members, their financial resources, and/or the use of their facilities to provide safe and dignified refuge for the Organization families.

(b) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization has adopted the provisions of FASB Accounting Standards Codification Topic 958, Not-for-Profit Entities.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole and presents balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by aggregating all funds into one set of financial statements and classifying fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets as of or for the years ended December 31, 2017.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

(1) Organization and Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. The Organization reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Under generally accepted accounting principles, contributions are generally recognized as revenue when the gift is made and are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the presence or absence and type of donor imposed restrictions or conditions.

The Organization displays revenue in the following two natural classifications:

Revenue---Fees earned for the performance of Organization services.

Public Support---Unconditional gifts to the Organization of cash or other assets in a voluntary nonreciprocal transfer by another entity.

Revenue and public support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

Contributions, including unconditional promises to give, are recognized as revenue in the period made or received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets, materials, and facilities are recorded at their estimated fair value at the date of gift. Such values are recorded in the financial statements as an asset or expense and revenue. For the year ended December 31, 2017, in-kind contributions consisted of donated use of facilities and meals provided to client families.

(1) Organization and Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

Contributed services are reported as contributions at their fair market value if such services create or enhance nonfinancial assets, or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

A summary of donated facilities and services included in revenue and support in the accompanying statement of activities is as follows:

Day Center Space	$ 15,000
Meals	20,286
Shelter Nights	45,720
Goods and gift cards	54,061
	$ 135,067

A substantial number of unpaid volunteers have donated significant amounts of their time to the Organization's program and administrative services. However, due primarily to the nature of the services provided, the value of such services has not been reflected in the accompanying financial statements.

(c) Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts and are recorded net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated by management based on the Organization's prior years' experience and a review of the current status of the existing receivables. Adjustments to the allowance for doubtful accounts are recorded to an expense account. When management determines that a receivable is uncollectible, it is removed from accounts receivable and is charged to the allowance for doubtful accounts.

(1) Organization and Summary of Significant Accounting Policies (Continued)

(d) Property and Equipment

Property and equipment are stated at cost, or estimated market value at the date of receipt if donated, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. All property expenditures in excess of $500 are capitalized; maintenance and renewals are charged to expense as incurred.

(e) Long-Lived Assets

The Organization follows the policy of lifting restrictions on contributions of cash and other assets received for the acquisition of long-lived assets when the long-lived assets are acquired.

In accordance with generally accepted accounting principles, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market value and third-party independent appraisals, as considered necessary. No impairment charges have been recorded in the accompanying financial statements related to long-lived assets.

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(g) Functional Allocation of Expenses

The costs of providing Organization programs and the administration of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(1) Organization and Summary of Significant Accounting Policies (Continued)

(h) Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(i) Income Taxes

The Organization is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with "Income Taxes" FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2017, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities, generally for three years after they are filed. The Organization is no longer subject to examination by taxing authorities for the years ended before December 31, 2014.

The Organization is not aware of any activities that would jeopardize its tax exempt status and is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

(j) Financial Instruments Fair Value, Concentration of Business and Credit Risks

The Organization's financial instruments are cash and cash equivalents, restricted cash, accounts receivable, pledges receivable, accounts payable and accrued expenses and family savings held in trust. Their recorded values approximate fair value based on their short term nature.

(1) Organization and Summary of Significant Accounting Policies (Continued)

(j) Financial Instruments Fair Value, Concentration of Business and Credit Risks (Continued)

Grants and contracts receivable arise as a result of the agreements with third parties to provide specified services. The grants and contracts are monitored on a monthly basis and are not collateralized.

The Organization maintains its cash balances at certain financial institutions in which balances are insured by the Federal Deposit Insurance Corporation up to $250,000.

(k) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through February 23, 2018, which is the date the financial statements were available to be issued.

(2) Pledges Receivable

Pledges receivable, net of discount to present value (at a rate of 3%) and allowance for uncollectible contributions are as follows as of December 31, 2017:

Receivable in less than one year	$ 71,323
Receivable in one to five years	166,419
	237,742
Less: discount to present value	(16,657)
	221,085
Less: allowance for uncollectible contributions	(14,314)
Pledges receivable, net	$ 206,771

Pledges receivable are recorded as temporarily restricted net assets in the accompanying statement of financial position.

(3) Other Assets

Other assets consist of manufactured homes used as temporary housing for needy families. The Organization donates these homes to these families upon successful completion of the partners in housing program.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

<u>Independent Auditor's Report</u>

To the Board of Directors
Family Promise of Greater Orlando, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States, the financial statements of Family Promise of Greater Orlando, Inc., which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Promise of Greater Orlando, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Promise of Greater Orlando, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Promise of Greater Orlando, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Promise of Greater Orlando, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Maitland, Florida
February 23, 2018