



Financial Statements
With Independent Auditors' Report

June 30, 2014 and 2015

FAMILY ASSISTANCE MINISTRIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Assistance Ministries
San Clemente, California

We have audited the accompanying financial statements of Family Assistance Ministries (FAM), which comprise the statements of financial position as of June 30, 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.

Auditors' 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 FAM'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 FAM'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.

Board of Directors
Family Assistance Ministries
San Clemente, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statements of financial position of Family Assistance Ministries as of June 30, 2015 and 2014, and the changes in activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Brea, California
September 21, 2015

FAMILY ASSISTANCE MINISTRIES

Statements of Financial Position

	June 30,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 272,860	\$ 222,392
Grants and accounts receivable	10,791	13,183
Prepaid expenses	16,086	17,027
Property and equipment, net	1,004,808	1,037,353
Total Assets	<u>\$ 1,304,545</u>	<u>\$ 1,289,955</u>
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 6,943	\$ 18,703
Accrued expenses	22,490	27,240
Deferred revenue	5,725	2,700
Loan payable	646,000	714,000
Total liabilities	<u>681,158</u>	<u>762,643</u>
Net assets:		
Unrestricted	574,219	427,022
Temporarily restricted	49,168	100,290
Total net assets	<u>623,387</u>	<u>527,312</u>
Total Liabilities and Net Assets	<u>\$ 1,304,545</u>	<u>\$ 1,289,955</u>

See notes to financial statements

FAMILY ASSISTANCE MINISTRIES

Statements of Activities

	Year Ended June 30,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Grants and contributions	\$ 1,059,389	\$ 92,505	\$ 1,151,894	\$ 889,281	\$ 190,512	\$ 1,079,793
Gifts-in-kind	1,789,515	-	1,789,515	1,753,832	-	1,753,832
Other income	81,155	-	81,155	63,762	-	63,762
Net assets released from restrictions:						
Satisfaction of donor restrictions	143,627	(143,627)	-	90,222	(90,222)	-
Total Support, Revenue, and Reclassifications	3,073,686	(51,122)	3,022,564	2,797,097	100,290	2,897,387
EXPENSES:						
Program services	2,503,866	-	2,503,866	2,508,711	-	2,508,711
Supporting activities:						
General and administrative	171,625	-	171,625	131,452	-	131,452
Fundraising	250,998	-	250,998	227,742	-	227,742
	422,623	-	422,623	359,194	-	359,194
Total Expenses	2,926,489	-	2,926,489	2,867,905	-	2,867,905
Change in Net Assets	147,197	(51,122)	96,075	(70,808)	100,290	29,482
Net Assets, Beginning of Year	427,022	100,290	527,312	497,830	-	497,830
Net Assets, End of Year	\$ 574,219	\$ 49,168	\$ 623,387	\$ 427,022	\$ 100,290	\$ 527,312

See notes to financial statements

FAMILY ASSISTANCE MINISTRIES

Statements of Functional Expenses

	Years Ended June 30,							
	2015				2014			
	Program Services	Supporting Activities			Program Services	Supporting Activities		
	General and Administrative	Fundraising	Total		General and Administrative	Fundraising	Total	
Wages	\$ 295,086	\$ 88,168	\$ 64,263	\$ 447,517	\$ 289,885	\$ 54,324	\$ 75,673	\$ 419,882
Benefits	85,522	19,700	22,879	128,101	101,315	11,378	15,805	128,498
Gifts-in-kind	1,789,515	-	-	1,789,515	1,753,832	-	-	1,753,832
Food bank program	34,461	-	-	34,461	34,848	-	-	34,848
Client aid	85,752	-	-	85,752	118,814	-	-	118,814
Gilchrist house	40,795	-	-	40,795	33,069	-	-	33,069
Rapid rehousing	38,139	-	-	38,139	-	-	-	-
Vita program	3,129	-	-	3,129	-	-	-	-
Fundraising and appeals	-	-	161,211	161,211	-	-	133,738	133,738
Rent	35,379	8,845	-	44,224	60,653	15,163	-	75,816
Depreciation	42,320	7,935	2,645	52,900	40,418	7,578	2,526	50,522
Operating expenses	53,768	46,977	-	100,745	75,877	43,009	-	118,886
Total	\$ 2,503,866	\$ 171,625	\$ 250,998	\$ 2,926,489	\$ 2,508,711	\$ 131,452	\$ 227,742	\$ 2,867,905

See notes to financial statements

FAMILY ASSISTANCE MINISTRIES

Statements of Cash Flows

	Year Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 96,075	\$ 29,482
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	52,900	50,522
Loan forgiveness	(68,000)	(51,000)
Net change in:		
Grants and accounts receivable	2,392	19,186
Prepaid expenses	941	(3,520)
Accounts payable	(11,760)	4,590
Accrued expenses	(4,750)	26,358
Deferred revenue	3,025	2,700
Net Cash Provided by Operating Activities	<u>70,823</u>	<u>78,318</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	<u>(20,355)</u>	<u>(17,708)</u>
Net Cash Used in Investing Activities	<u>(20,355)</u>	<u>(17,708)</u>
Change in Cash and Cash Equivalents	50,468	60,610
Cash and Cash Equivalents, Beginning of Year	<u>222,392</u>	<u>161,782</u>
Cash and Cash Equivalents, End of Year	<u>\$ 272,860</u>	<u>\$ 222,392</u>

See notes to financial statements

FAMILY ASSISTANCE MINISTRIES

Notes to Financial Statements

June 30, 2015 and 2014

1. NATURE OF ORGANIZATION:

Family Assistance Ministries (FAM) is a faith-based non-profit organization assisting those in need in southern Orange County with resources for food, shelter, and personalized supportive counsel and aid. FAM helps clients bridge the gap from dependency to self-sufficiency.

FAM was founded in 1999 to serve those in need. FAM's first client needed rental assistance to avoid eviction. Within thirty days, this person was employed and becoming a self-sufficient and productive member of their community.

Program services primarily consist of hunger and homeless prevention services, as described below:

- Gilchrist House Interim/Transitional Shelter - Provides housing for homeless women and women with children. Gilchrist has twenty-six beds and three cribs available for stays of up to one year. The women commit to weekly meetings with case managers to chart a course to self-sufficiency, and then to track progress and revise program goals as needed. FAM's services include, substance abuse referrals, counseling, employment related assistance, mental health care referrals and life skills classes.
- Walk-in Resource Center - FAM's homeless and hunger prevention programs provide assistance through emergency, diversion, and prevention services offering: food, utility, shelter, education, health insurance, rent, transportation, workforce development, counseling, and other basic needs. A case manager works with every client, providing basic financial instruction and helping to create a customized budget.
- FAM's continuum of housing care programs range from emergency motel vouchers, prevention rental assistance, and rapid rehousing to include wraparound services.

FAM's primary sources of revenue consist of grants, gifts-in-kind, and tax-deductible contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of FAM have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by FAM are described below.

CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents consist primarily of cash on hand. These accounts may, at times, exceed federally insured limits. FAM has not experienced any losses on such accounts.

PROPERTY AND EQUIPMENT

All expenditures of \$1,000 or more for property and equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from 5 to 27.5 years.

FAMILY ASSISTANCE MINISTRIES

Notes to Financial Statements

June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are currently available at the discretion of the board for use in the operations and those resources invested in property and equipment.

Temporarily restricted net assets are contributed with donor stipulations for specific programs and purposes, as well as grants not yet received.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to FAM. Conditional promises-to-give are recognized as revenue when the conditions on which they depend are substantially met. FAM receives gifts-in-kind, which are recorded as support at the estimated fair market value on the date of the gift based on standardized values or individual research.

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when funds are spent to purchase or construct the property or other long-lived asset.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FAMILY ASSISTANCE MINISTRIES

Notes to Financial Statements

June 30, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities.

ALLOCATION OF JOINT COSTS

FAM has implemented the Joint Cost topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). For the years ended June 30, 2015 and 2014, there were no joint costs.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAX STATUS

FAM is qualified as a California nonprofit public benefit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding California provisions. No provision for federal or state income taxes have been included in the financial statements. Contributions by the public are deductible for income tax purposes.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2015 and 2014, FAM had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

FAM files information tax returns in the U.S. and California. FAM is subject to income tax examinations for the current year and certain prior years based on applicable laws and regulations.

FAMILY ASSISTANCE MINISTRIES

Notes to Financial Statements

June 30, 2015 and 2014

3. PROPERTY AND EQUIPMENT:
Property and equipment consist of:

	June 30,	
	2015	2014
Land	\$ 272,388	\$ 272,388
Building and improvements	877,035	877,035
Leasehold improvements	35,428	32,373
Furniture and fixtures	20,006	20,006
Equipment	81,302	66,158
	1,286,159	1,267,960
Less accumulated depreciation	(281,351)	(230,607)
	\$ 1,004,808	\$ 1,037,353

4. LEASES:

FAM leases office space under operating leases ending April 2017. Lease expense for the years ended June 30, 2015 and 2014, was \$44,223 and \$75,816, respectively, and was evenly expensed over the term of the lease. The minimum future payments are:

<u>Year Ending June 30,</u>	
2016	\$ 62,418
2017	55,229
	\$ 117,647

In conjunction with its lease agreement FAM is responsible for certain leasehold improvements. The remaining leasehold improvements that are to be completed in subsequent years are estimated to cost approximately \$40,000.

FAMILY ASSISTANCE MINISTRIES

Notes to Financial Statements

June 30, 2015 and 2014

5. LOAN PAYABLE:

In November 2009, the City of San Clemente Redevelopment Agency (the City) loaned \$800,000 to FAM for the acquisition and rehabilitation of Gilchrist House.

The loan was divided into two parts; \$680,000 was to be used solely for the purchase of the property and the remaining \$120,000, was to be used for rehabilitation.

In November 2010, the City loaned an additional \$50,000 to FAM for improvements to be made on the property.

The initial loan term is for a period of twenty years and is subject to pro-rata reduction of the loan amount if all the conditions are met. The conditions require that the property not be sold, disposed of, or refinanced and is to be used for occupancy as a homeless shelter. If any of the restrictions are violated, the entire pro-rata amount is due on demand. There is no stated interest rate unless FAM violates the requirements. As of June 30, 2015 and 2014, a total of \$204,000 and \$136,000, respectively, had been forgiven. For the years ended June 30, 2015 and 2014, \$68,000 and \$51,000, respectively, was forgiven and included as other income on the statement of activities.

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	June 30,	
	2015	2014
Gilchrist House	\$ -	\$ 50,000
Vehicles	30,246	37,510
Other	18,922	12,780
	<u>\$ 49,168</u>	<u>\$ 100,290</u>

7. RELATED PARTY TRANSACTIONS:

FAM board members provided services on behalf of clients for various legal activities during the year ended June 30, 2014. These services were provided free of charge and had no direct impact on FAM. There were no such related party transactions during the year ended June 30, 2015.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.