FAMILY PROMISE
OF GREATER PHOENIX

FINANCIAL STATEMENTS AND
AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

April 13, 2016

Lumbard & Associates, P.L.L.C.
(A Division of The Pun Group, LLP)
4143 North 12th Street, Suite 100
Phoenix, AZ 85014
(602) 274-9966
Fax (602) 265-0021
www.llumbard.com

FAMILY PROMISE OF GREATER PHOENIX
TABLE OF CONTENTS

LUMBARD & ASSOCIATES PLLC
A Division of The Pun Group LLP

Lisa B. Lumbard, C.P.A., C.G.F.M
Kenneth H. Pun, C.P.A., C.G.M.A

Frances Kuo, C.P.A., C.G.M.A
Carlos E. Valdivia, C.P.A..
Jeffrey D. Cosper
Maria G. Ward

Stephanie M. Canez

American Institute of Certified Public Accountants Government Audit Quality Center

Government Finance Officers Association

Arizona Society of Certified Public Accountants

Association of Government Accountants

Arizona Hispanic Chamber of Commerce

Independent Auditors' Report

Board of Directors
Family Promise of Greater Phoenix

Report on Financial Statements

We have audited the accompanying financial statements of Family Promise of Greater Phoenix (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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.

Auditors' 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. 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.

Board of Directors
Family Promise of Greater Phoenix

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise of Greater Phoenix as of December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited Family Promise of Greater Phoenix's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other-Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lumbard & Associates, PLLC

Phoenix, Arizona
April 13, 2016

FINANCIAL STATEMENTS

FAMILY PROMISE OF GREATER PHOENIX
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 264,910	$ 211,807
Grants receivable	2,674	2,765
Contributions receivable	50,495	48,294
TOTAL CURRENT ASSETS	318,079	262,866
PROPERTY AND EQUIPMENT		
Land, property & equipment	916,614	791,781
Less: Accumulated depreciation	(242,023)	(187,440)
NET PROPERTY AND EQUIPMENT	674,591	604,341
TOTAL ASSETS	$ 992,670	$ 867,207
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 15,155	$ 18,110
Accrued compensated absences	6,089	4,279
Other accrued liabilities	6,260	8,967
TOTAL CURRENT LIABILITIES	27,504	31,356
NET ASSETS		
Unrestricted	773,152	683,576
Temporarily restricted	192,014	152,275
TOTAL NET ASSETS	965,166	835,851
TOTAL LIABILITIES AND NET ASSETS	$ 992,670	$ 867,207

Read the accompanying Notes to the Financial Statements.

FAMILY PROMISE OF GREATER PHOENIX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2014)

	2015			
	Unrestricted	Temporarily Restricted	Total	2014
REVENUES AND OTHER SUPPORT				
Contributions from individuals	$ 234,018	$ 3,750	$ 237,768	246,733
Contributions from churches	36,977	-	36,977	33,413
Contributions from corporations	53,256	-	53,256	46,996
In-kind contributions	429,181	-	429,181	319,167
Grants	57,000	355,062	412,062	347,064
Special events	208,905	-	208,905	184,505
Interest income	115	-	115	99
Other income (loss)	(179)	-	(179)	614
Net assets released from restrictions	319,073	(319,073)	-	-
TOTAL REVENUES AND OTHER SUPPORT	1,338,346	39,739	1,378,085	1,178,591
EXPENSES AND LOSSES				
Program costs:				
Emergency shelter	715,686	-	715,686	671,477
Outreach development	93,657	-	93,657	87,325
Other grants	39,295	-	39,295	10,939
Management and general	143,366	-	143,366	122,199
Fund development	256,766	-	256,766	189,085
TOTAL EXPENSES	1,248,770	-	1,248,770	1,081,025
CHANGE IN NET ASSETS	89,576	39,739	129,315	97,566
NET ASSETS, Beginning of year	683,576	152,275	835,851	738,285
NET ASSETS, End of year	$ 773,152	$ 192,014	$ 965,166	$ 835,851

Read the accompanying Notes to the Financial Statements.

FAMILY PROMISE OF GREATER PHOENIX
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2014)

CASH FLOWS FROM OPERATING ACTIVITIES:	2015	2014
Change in Net Assets	$ 129,315	$ 97,566
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	61,172	56,584
Gain on sale of assets	764	-
Contributed fixed assets	(74,252)	(6,330)
(Increase)/decrease in:		
Grants receivable	91	37,147
Contributions receivable	(2,201)	(17,620)
Prepaid assets	-	-
Increase/(decrease) in:		
Accounts payable	(2,955)	3,312
Accrued compensated absences	1,810	(973)
Other accrued liabilities	(2,707)	8,967
NET CASH PROVIDED BY OPERATING ACTIVITIES	111,037	178,653
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeeds from sale of property and equipment	5,200	-
Acquisition of property and equipment	(63,134)	(98,051)
NET CASH USED BY INVESTING ACTIVITIES	(57,934)	(98,051)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	(13,000)	(80,378)
Cash advances on line of credit	13,000	80,378
NET CASH USED BY FINANCING ACTIVITIES	-	-
Net increase in cash and cash equivalents	53,103	80,602
Cash and cash equivalents at beginning of year	211,807	131,205
Cash and cash equivalents at end of year	$ 264,910	$ 211,807

Read the accompanying Notes to the Financial Statements.

NOTE 1 - ORGANIZATION

Family Promise of Greater Phoenix, hereinafter referred to as "the Organization," is an Arizona not-for-profit corporation formed in 1998. The Organization is one of 200 Interfaith Hospitality Network (IHN) programs throughout the country temporarily meeting the needs of homeless families. In keeping with the guidelines from Interfaith Hospitality Network, the Organization arranges with local churches to be host congregations for six to eight families (twenty to thirty individuals) by providing overnight lodging (from 6:00 p.m. to 7:00 a.m. the next morning), dinner, and hospitality. The Organization provides bus transportation for guests between the host church and the day center morning and evening each day. The Organization, at the local day center in Scottsdale, provides emergency shelter and social services to help families move toward independent housing and self-sufficiency. Guest services are available from 8:30 a.m. to 5:00 p.m. The day center provides a home base for families to conduct employment and housing searches and enroll their children in school if needed; and offers counseling, life-skills training, telephone/computer access, and other educational and support services for guests.

The Organization uses a variety of methods to fund its many programs. For the year ended December 31, 2015, sources of revenue included contributions, grants, and special events.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues and gains are recognized in the period in which they are earned and expenses and losses are recognized in the period in which the liability is incurred.

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Financial Accounting Standards Board ("FASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the following criteria:

Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

Temporarily restricted net assets consist of contributed funds, subject to specific donor imposed restrictions, contingent upon specific performance of future events or a specific passage of time before the Organization may spend the funds.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all cash balances with original maturities of less than ninety days to be cash equivalents.

Property and Equipment

Building, equipment, vehicles, and furniture are recorded at cost. Donated capital assets are recorded at the estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization's policy is to capitalize assets costing $500 or more and a useful life of more than one year. Depreciation was calculated on the straight-line basis for all assets, as follows:

Equipment	2-3 years
Vehicles	7 years
Building Improvements	10 years
Buildings	20 years

Impairment of Long-Lived Assets

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 indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials, Facilities, and Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Donated materials and facilities are recorded at fair value at the date of donation.

Fair Value Measurements

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments and, with none being held for trading purposes, approximate the carry values of such amounts.

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value and establish disclosures about fair value measurements. Assets and liabilities recorded at fair value in the Statement of Financial Position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. For cash and cash equivalents, the Organization uses the carrying amounts, which approximate fair value due to their short maturity. For long-term debt borrowings, the fair values are estimated using discounted cash flow analysis, based on the Organization's current incremental borrowing rates for similar types of borrowing arrangements.

Restricted and Unrestricted Revenue

The Organization accounts for contributions, grants and investment revenues in accordance with generally accepted accounting principles. Contributions are recognized as revenues or gains in the period in which they are received and grant revenues and investment income received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor or grantor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal and state income tax on related activities under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Under the guidance of *Accounting for Uncertainty in Income Taxes*, the Center utilizes a two-step approach to recognizing and measuring uncertain tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement.

At December 31, 2015, management believes there were no uncertain tax positions.

NOTE 3 - CASH AND CASH EQUIVALENTS

As of December 31, 2015, the carrying amount of the Organization's unrestricted deposits was $264,639 and cash on hand was $271. Bank balances at December 31, 2015 totaled $296,031, of which $31,392 was not covered by federal depository insurance. All deposits were held in long established banking institutions, and management believes risk of loss is minimal.

NOTE 4 - GRANTS RECEIVABLE

Grants receivable at December 31, 2015 consisted of $2,674 due from the City of Scottsdale.

NOTE 5 - CONTRIBUTIONS RECEIVABLES

Contributions receivable at December 31, 2015 consisted of donations totaling $50,495. Management believes all contributions receivable to be 100% collectible, therefore, no allowance for uncollectible contributions receivable was established and contributions receivable were not discounted.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment titled to the Organization as of December 31, 2015 are as follows:

	Balance 12/31/15
Land	$ 125,000
Building	231,185
Building improvements	437,262
Vehicles	53,543
Equipment	69,625
Total Cost	916,615
Less: Accumulated depreciation	(242,023)
Net property and equipment	$ 674,592

Depreciation expense for the year ended December 31, 2015 was $61,172.

NOTE 7 - LINE OF CREDIT

The Organization has a $100,000 revolving line of credit, of which $100,000 was unused at December 31, 2015. The line of credit carries an interest rate of 2.0% over prime (5.25% at December 31, 2015). The credit line is secured by a Deed of Trust and Fixture Filing and an Assignment of Rents.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 are available for the following purposes:

Program Services	$ 155,979
Childcare Fund	12,797
Aftercare	15,240
Bed Bug Remediation	2,566
Pet Program	819
Wellness	3,571
Volunteer HUB	1,041
Total temporarily restricted net assets	$ 192,013

NOTE 9 - DONATED MATERIALS, FACILITIES, AND SERVICES

The fair value of donated materials, facilities, and services included as contributions in the financial statements and the corresponding program expenses for the year ended December 31, 2015, were as follows:

Donated facilities and meals	$ 321,130
Donated services	33,799
Donated vehicle and building improvements	74,252
Total	$ 429,181

The donated vehicle and building improvements were capitalized.

NOTE 10 - ADVERTISING

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. For the year ended December 31, 2015, advertising and promotions expense totaled $67,057.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated by management through April 13, 2016, which is the date the financial statements were available for issuance. No significant events that would be expected to materially impact the financial statements were identified.

SUPPLEMENTARY INFORMATION

FAMILY PROMISE OF GREATER PHOENIX
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Costs				Support Services		
	Emergency Shelter	Outreach Development	Other Grants	Total Program Costs	Management & General	Fund Development	Total
Salaries and wages	$ 157,681	$ 27,456	$ 29,566	$ 214,703	$ 82,174	$ 72,611	$ 369,488
Payroll taxes	13,244	2,230	2,430	17,904	6,898	5,649	30,451
Fringe benefits	20,274	1,494	3,700	25,468	16,915	11,883	54,266
Professional fees	9,521	158	170	9,849	8,188	377	18,414
Advertising	1,532	37,414	-	38,946	1,126	26,985	67,057
Office expense	1,454	152	113	1,719	5,721	2,157	9,597
Information Technology	4,897	2,815	-	7,712	7,219	10,024	24,955
Occupancy	31,352	-	-	31,352	4,816	-	36,168
Conferences, conventions, meetings	1,295	2,260	-	3,555	1,141	2,885	7,581
Program services	47,234	2,806	3,316	53,356	1,026	2,574	56,956
Special events	-	16,872	-	16,872	-	120,393	137,265
Depreciation	56,290	-	-	56,290	4,654	228	61,172
Insurance	13,021	-	-	13,021	1,190	-	14,211
In-kind expenses	351,631	-	-	351,631	2,298	1,000	354,929
Payments to affiliates	6,260	-	-	6,260	-	-	6,260
Total Expenses	$ 715,686	$ 93,657	$ 39,295	$ 848,638	$ 143,366	$ 256,766	$ 1,248,770