

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**

Independent Auditors' Report  
and Financial Statements

June 30, 2017 and 2016

---



**STAYNERBATES**  
Certified Public Accountants + Business Advisors

## **Contents**

<b>Independent Auditors' Report</b> .....	<b>3</b>
<b>Statements of Financial Position</b> .....	<b>5</b>
<b>Statements of Activities</b> .....	<b>7</b>
<b>Statements of Functional Expenses</b> .....	<b>9</b>
<b>Statements of Cash Flows</b> .....	<b>11</b>
<b>Notes to Financial Statements</b> .....	<b>13</b>

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Family Promise – Salt Lake  
Salt Lake City, Utah

We have audited the accompanying financial statements of Family Promise - Salt Lake (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2017 and 2016 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 audits 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 auditors' 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 - Salt Lake as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Stayner Bates, P.C.*

Stayner Bates, P.C.  
Salt Lake City, Utah  
December 15, 2017

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
**Statements of Financial Position**

	June 30,	
	2017	2016
<u><b>ASSETS</b></u>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 328,476	\$ 259,444
Grants and pledges receivable	245,706	24,746
Other current assets	3,078	2,871
Total Current Assets	577,260	287,061
<b>PROPERTY AND EQUIPMENT, NET</b>	561,603	584,349
<b>OTHER ASSETS</b>		
Deposit	9,836	9,000
Total Other Assets	9,836	9,000
<b>TOTAL ASSETS</b>	<b>\$ 1,148,699</b>	<b>\$ 880,410</b>

The accompanying notes are an integral part of these financial statements.

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
**Statements of Financial Position (Continued)**

**LIABILITIES AND NET ASSETS**

	June 30,	
	2017	2016
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 19,826	\$ 25,153
Accounts payable - related party	4,321	4,692
Note payable, current portion	3,392	3,235
Total Current Liabilities	27,539	33,080
<b>LONG-TERM LIABILITIES</b>		
Note payable	193,011	195,664
Total Long-Term Liabilities	193,011	195,664
Total Liabilities	220,550	228,744
<b>NET ASSETS</b>		
Unrestricted	644,860	361,802
Temporarily restricted	283,289	289,864
Total Net Assets	928,149	651,666
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,148,699</b>	<b>\$ 880,410</b>

The accompanying notes are an integral part of these financial statements.

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

	Unrestricted	Temporarily Restricted	2017 Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
General donations and special events	\$ 194,428	\$ -	\$ 194,428
Grants - government	49,229	-	49,229
Grants - other	325,225	-	325,225
Rent income	38,231	-	38,231
In-kind contributions	168,453	-	168,453
Other income	740	-	740
Interest income	439	-	439
	<b>776,745</b>	<b>-</b>	<b>776,745</b>
<b>OPERATING EXPENSES</b>			
<b>Program Services:</b>			
Program expenses	446,074	6,575	452,649
<b>Supporting Services:</b>			
Management and general	31,562	-	31,562
Fundraising	16,051	-	16,051
Total Supporting Services	47,613	-	47,613
Total Operating Expenses	493,687	6,575	500,262
Change in Net Assets	283,058	(6,575)	276,483
Net Assets at Beginning of Year	361,802	289,864	651,666
Net Assets at End of Year	\$ 644,860	\$ 283,289	\$ 928,149

The accompanying notes are an integral part of these financial statements.

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2017**

	PROGRAM SERVICES	SUPPORTING SERVICES		Total Functional Expenses
		Management and General	Fund Raising	
Salaries, wages, and related expenses	\$ 143,147	\$ 12,867	\$ 4,825	\$ 160,839
In-kind shelter	75,159	-	-	75,159
In-kind food	34,291	-	-	34,291
In-kind other services	2,852	-	-	2,852
In-kind program	54,751	-	-	54,751
In-kind professional fees	-	1,400	-	1,400
Interest	7,998	2,666	-	10,664
Telephone and utilities	16,823	5,608	-	22,431
Family support	41,540	-	-	41,540
Program supplies	5,719	-	-	5,719
Insurance	8,048	424	-	8,472
Program communication	4,037	-	-	4,037
Licenses, dues, and fees	4,367	485	-	4,852
Repairs and maintenance	16,368	-	-	16,368
Professional services	10,042	6,975	-	17,017
Staff development and training	815	-	-	815
Promotion and events	-	-	11,226	11,226
Travel and automobile	2,551	-	-	2,551
Bad debt expense	101	-	-	101
Miscellaneous	2,432	-	-	2,432
<b>Total Functional Expenses Before Depreciation</b>	<b>431,041</b>	<b>30,425</b>	<b>16,051</b>	<b>477,517</b>
<b>Depreciation</b>	<b>21,608</b>	<b>1,137</b>	<b>-</b>	<b>22,745</b>
<b>Total Functional Expenses</b>	<b>\$ 452,649</b>	<b>\$ 31,562</b>	<b>\$ 16,051</b>	<b>\$ 500,262</b>

The accompanying notes are an integral part of these financial statements.

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
Statement of Functional Expenses  
For the Year Ended June 30, 2016

	PROGRAM SERVICES	SUPPORTING SERVICES		Total Functional Expenses
		Management and General	Fund Raising	
Salaries, wages, and related expenses	\$ 152,140	\$ 13,677	\$ 5,128	\$ 170,945
In-kind shelter	78,000	-	-	78,000
In-kind food	30,091	-	-	30,091
In-kind event donations	250	-	-	250
In-kind program	32,394	-	-	32,394
In-kind professional fees	500	1,650	-	2,150
Interest	13,176	693	-	13,869
Telephone and utilities	18,416	969	-	19,385
Family support	43,188	-	-	43,188
Program supplies	7,594	-	-	7,594
Insurance	8,615	453	-	9,068
Program communication	6,317	-	-	6,317
Licenses, dues, and fees	5,539	615	-	6,154
Repairs and maintenance	16,697	-	-	16,697
Professional services	14,023	7,788	-	21,811
Staff development and training	5,499	-	-	5,499
Promotion and events	-	-	12,086	12,086
Travel and automobile	1,715	-	-	1,715
Miscellaneous	2,228	-	-	2,228
<b>Total Functional Expenses Before Depreciation</b>	<b>436,382</b>	<b>25,845</b>	<b>17,214</b>	<b>479,441</b>
Depreciation	22,335	1,176	-	23,511
<b>Total Functional Expenses</b>	<b>\$ 458,717</b>	<b>\$ 27,021</b>	<b>\$ 17,214</b>	<b>\$ 502,952</b>

The accompanying notes are an integral part of these financial statements.

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
**Statements of Cash Flows**

	For the Years Ended June 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 276,483	\$ 66,446
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,745	23,511
Debt forgiveness	-	(9,000)
Interest expense	740	-
(Increase) decrease in operating assets:		
Grants and pledges receivable	(220,960)	5,276
Other current assets	(206)	(1,290)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(5,327)	4,376
Accounts payable - related party	(371)	162
Net Cash Provided by Operating Activities	73,104	89,481
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	-	(13,108)
Net Cash Used in Investing Activities	-	(13,108)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loan costs	-	(4,461)
Increase in deposit	(836)	-
Payments on long-term debt	(3,236)	(3,675)
Net Cash Used in Financing Activities	(4,072)	(8,136)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	69,032	68,237
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	259,444	191,207
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 328,476	\$ 259,444

The accompanying notes are an integral part of these financial statements.

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
**Statements of Cash Flows (Continued)**

	For the Years Ended June 30,	
	2017	2016
<b>CASH PAID FOR:</b>		
Interest	\$ 9,924	\$ 13,869
Income taxes	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Debt forgiveness	\$ -	\$ 9,000

The accompanying notes are an integral part of these financial statements.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF OPERATIONS**

Family Promise – Salt Lake (the “Organization”) was incorporated on September 19, 1995, as a Utah non-profit corporation under the name Salt Lake Interfaith Hospitality Network. In 2007, the Organization changed its name to Family Promise – Salt Lake to parallel that of its national office. The Organization is dedicated to supporting families during transitional times in order to ease the individual family and community concerns and challenges of homelessness. The Organization identifies qualifying families and provides program services to assist these families during this transitional period. Program services include assistance with skill training, securing of employment, securing of permanent housing and working with other social service agencies. The Organization also enlists the cooperation of a network of local area churches, synagogues, and community organizations to accomplish this task without duplication of available services including providing food and shelter.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit-organizations. The following is a summary of the more significant of the Organizations’ accounting policies:

Basis of Accounting

The financial statements of the Organization are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization has elected a June 30 year-end.

The Organization has adopted the provisions of Accounting Standards Codification 958, *Not-For-Profit Entities* (ASC 958), Accounting Standards Codification 720-25, *Contributions Made* (ASC 720-25), and Accounting Standards Codification 225-45-6, *Classification of Revenues, Expenses, Gains, and Losses* (ASC 225-45-6). Under these ASC’s, the Organization is required to report and record its financial position, activities and contributions received under three classes: permanently restricted, temporarily restricted and unrestricted. These classes are determined by the donor’s restrictions for the use of the funds or the lack thereof. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor’s restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and are shown in the statement of activities as net assets released from restriction. Temporary restrictions expire when a time restriction is met, or the purpose of the restricted funds has been accomplished.

As of June 30, 2017 and 2016, the Organization had no assets that are permanently restricted. Temporarily restricted net assets and unrestricted net assets are defined as follows:

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

*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. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of unrestricted net assets. As of June 30, 2017 and 2016, temporarily restricted net assets consisted of the carrying amount of a residential real estate property (donated to the Organization during a prior year) with a donor-imposed restriction on use. The property was valued at \$300,000 at the date of the donation. The carrying amount of the property as of June 30, 2017 and 2016, net of accumulated depreciation of \$16,711 and \$10,136, was \$283,289 and \$289,864, respectively. A restrictive covenant on the warranty deed requires the Organization to use the residential real estate property to house and accommodate low-income families for a minimum of fifty (50) years or to only convey the residential real estate property to a 501(c)(3) entity during the same period. The Organization intends to use the property for its stated purpose for at least the required fifty-year restricted period.

*Unrestricted Net Assets*

Net assets not subject to donor-imposed stipulations.

Revenues 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. Other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Expirations of temporary restrictions on net assets, i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Where specific costs can be identified with a particular function, such costs are charged directly to that function. Certain costs that could not be identified with a particular program have been allocated across programs based upon an analysis of personnel time spent in each of those programs.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations during the reporting period. Actual results could differ from those estimates. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances in making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. While actual results could differ from those estimates, management believes that the estimates are reasonable.

Key estimates made in the accompanying financial statements include, among others, allowances for doubtful accounts on grants and pledges receivable, the economic useful lives and recovery of long-lived assets, and amounts and valuation of donated goods and services.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, checking and savings accounts and highly liquid investments with original maturities of three months or less.

Concentration of Credit Risk

The Organization's bank deposits are held in a financial institution which is insured by the Federal Deposit Insurance Corporation ("FDIC") to certain levels. The Organization has not experienced any losses in such accounts or lack of access to its cash, and believes it is not exposed to significant risk of loss with respect to cash. However, no assurance can be provided that access to the Organization's cash will not be impacted by adverse economic conditions in the financial markets.

As of June 30, 2017 and 2016, the Organization had in its bank accounts \$78,476 and \$9,444, respectively, in excess of the federally insured limits.

Property and Equipment

Property and equipment are stated at cost or, if received as contributions, at appraised value as of the date of contribution. Significant replacements and betterments in excess of \$1,000 are capitalized, while maintenance and repairs are charged to expense when incurred. Depreciation is provided using the straight-line method over estimated useful lives of the assets, ranging from 5 to 39 years.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

As a non-profit organization, the Organization claims exemption from Federal and State income taxes under section 501(c)(3) of the Internal Revenue Code and State law. 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 Internal Revenue Code. The Organization files a Form 990 tax return.

As of June 30, 2017 and for the year then ended, the Organization has not engaged in any activity which management considers to be activity that could result in a loss of their 501(c)(3) IRS designation. In addition, management does not consider any of the activity of the Organization to be considered unrelated business income that could result in income tax. For the year ended June 30, 2017, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position. The Organization is no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2013.

Revenue Recognition

The basis of revenue recognition for each of the revenue producing sources included in contributions, special events, grants and rent income is as follows:

*Contributions*

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give (pledges) that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, it is reported as unrestricted support.

Legally enforceable intentions to give are recorded similarly to unconditional promises to give. Intentions to give which are not legally enforceable are recorded when the funds are received.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

*Contributions (Continued)*

The Organization recognizes contribution revenue for donated property and equipment in the period received at the property or equipment's fair value. If donated assets have questionable or uncertain value and no alternative use that adds value to the assets, the Organization does not recognize them in the financial statements. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use 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.

When the Organization receives donations or contributions through services performed, the fair value of the donated services are recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Services that do not meet either of the preceding criteria are not recognized. Donated services are recorded at their fair value.

The Organization receives a significant amount of donated services from unpaid volunteers who assist with families and special projects. The related value of such services has not been recognized in the statement of activities because the criteria for recognition under ASC 720 have not been met, as described above. A number of professional organizations and individuals donate their time to the efforts of the Organization. These in-kind donated services have been recognized in the financial statements at the fair value of the services performed.

Religious congregations provide shelter and meals to transitional families identified by the Organization and for whom the Organization provides program services. The Organization directs to whom the meals and shelter are provided. The in-kind value of these meals and shelter has been reflected as contributions and corresponding costs of program services provided based on the relative market value of the meals and shelter provided. For the year ended June 30, 2017, the total value of meals and food was determined to be \$40,814. The total value of shelter provided for the same period was determined to be \$75,159.

For the year ended June 30, 2016, the total value of meals and food was determined to be \$31,792. The total value of shelter provided for the same period was determined to be \$78,000.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

*Special Event Revenue*

Special event revenue is recognized in the period when the activity leading to that revenue is performed. Funds received to cover expenses for special event revenue is deferred until the event is held.

*Grants*

Grants are recognized as revenue in the period the amounts are granted. Grant expenditures in excess of grants received as of year-end are reported as grants receivable.

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

*Rent Income*

Rent income is recognized on a straight-line basis over the term of the lease.

Fair Value of Financial Instruments

The Organization has adopted the provisions of ASC 820, *Fair Value Measurements and Disclosure* (ASC 820). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques.

The Organization determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization's financial instruments include cash, grants and pledges receivable, accounts payable, and notes payable. The carrying amounts of cash, grants and pledges receivable, and accounts payable approximate fair values because of the short-term nature of these instruments. The aggregate carrying amounts of the notes payable obligations approximate fair value as they bear interest at market interest rates based on their terms and maturities.

Grants and Pledges Receivable

Grants and pledges receivable are deemed by management to be fully collectible.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Valuation of Long-Lived Assets

In accordance with impairment or disposal of long-lived assets subsections of ASC Subtopic 360-10, *Property, Plant and Equipment – Overall*, long-lived assets, such as property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying value of the long-lived assets or asset group is not recoverable on an undiscounted cash flow basis, an impairment loss 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 values and third-party independent appraisals, as considered necessary.

No impairment losses were recognized for the years ended June 30, 2017 or 2016.

Allocation of Joint Costs

The Organization allocates joint costs between fundraising and program services or management and general in accordance with ASC Subtopic 958-720, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fundraising*.

Advertising

Advertising costs are expensed when incurred.

Reclassifications

Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Debt Issuance Costs**

The Organization follows the guidance of ASU No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, (ASU 2015-03), which requires that debt issuance costs be presented in the statement of financial position as a direct reduction from the carrying value of the corresponding debt liability (see Note 4). Costs related to obtaining long-term debt are capitalized and amortized over the term of the related debt using the straight-line method. Accumulated amortization on these capitalized costs at June 30, 2017 and 2016 was \$740 and \$-0-, respectively. Amortization of these costs charged to operations for the years ended June 30, 2017 and 2016 was \$740 and \$-0-, respectively. This amortization charge has been included in interest expense in the accompanying statements of functional expenses for the years ended June 30, 2017 and 2016. When a loan is paid in full, any unamortized financing costs are removed from the related accounts and charged to interest expense.

**Recent Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*, to defer the effective date of ASU 2014-09 by 1 year. Accordingly, ASU 2014-09 will now be effective for the Organization's year ending June 30, 2020. The adoption of ASU 2014-09 must be made using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined with ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 and ASU 2015-14 on its financial statements.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent Accounting Pronouncements (Continued)**

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires an entity to recognize the rights and obligations resulting from leases as lease assets and lease liabilities on the balance sheet, including leases previously recorded and classified as operating leases. Pursuant to this new guidance, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset (lease asset) representing its right to use the underlying asset for the lease term, initially measured at the present value of the lease payments. This new standard is effective for the Organization for the year ended June 30, 2021, with early application permitted, using a modified retrospective approach. The Organization is currently evaluating the impact of the pending adoption of ASU 2016-02 on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which changes the way all not-for-profits (NFPs) classify net assets and prepare financial statements. Adoption of FASB ASU 2016-14 will result in significant changes to financial reporting and disclosure for NFPs. Some of the more significant changes will be the change of net asset classifications from three classes (unrestricted, temporarily restricted, and permanently restricted) to two (net assets without donor restrictions and net assets with donor restrictions); reporting expenses classified by function and nature will be required in the statement of activities rather than optional; and additional disclosure of quantitative and qualitative information about liquidity will be required. The new standard is effective for annual financial statements issued for years beginning after December 15, 2017, with early adoption permitted, using a modified retroactive approach. The Organization is currently evaluating the impact of the pending adoption of ASU 2016-14 on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. This standard clarifies how certain cash receipts and cash payments should be classified on the statement of cash flows. The standard is effective for interim and annual reporting periods beginning after December 15, 2017, although early adoption is permitted. The Organization is currently evaluating the impact of the pending adoption of ASU 2016-15 on its financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) did not or are not believed to have a material impact on the Organization's present or future financial statements.

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment and the related accumulated depreciation are summarized as follows:

	June 30,	
	2017	2016
Buildings	\$ 703,920	\$ 703,920
Building improvements	74,149	74,149
Land	43,600	43,600
Vehicles	20,130	20,130
	841,799	841,799
Total property and equipment		
Less: accumulated depreciation	(280,196)	(257,450)
Property and equipment, net	\$ 561,603	\$ 584,349

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$22,745 and \$23,511, respectively.

**NOTE 4 - NOTE PAYABLE**

The Organization has a note payable as follows:

	June 30,	
	2017	2016
Mortgage payable to a corporation, due in monthly installments of principal and interest of \$1,097 based on a 30-year amortization, with an interest rate of 4.76%, maturing May 1, 2031 with a balloon payment due for the remaining unpaid amount, secured by real property, all related rents, contracts and leases, and all related fixtures and furnishings.	\$ 206,764	\$ 210,000
Less: current portion	(3,392)	(3,235)
Less: debt issuance costs	(10,361)	(11,101)
Long-term portion	\$ 193,011	\$ 195,664

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 4 - NOTE PAYABLE (Continued)**

Interest expense paid during the years ended June 30, 2017 and 2016 related to this mortgage note totaled \$9,924 and \$-0-, respectively.

Annual maturities of the note payable are as follows:

<u>Year Ending June 30:</u>	
2018	\$ 3,392
2019	3,557
2020	3,730
2021	3,912
2022	4,102
Thereafter	<u>188,071</u>
Total	<u>\$ 206,764</u>

**NOTE 5 - RELATED PARTY TRANSACTIONS**

For the years ending June 30, 2017 and 2016, the Organization made payments for annual dues to their national affiliate, Family Promise, Inc., totaling \$5,977 and \$5,367, respectively. As of June 30, 2017 and 2016, the Organization had accounts payable due to Family Promise, Inc. totaling \$4,321 and \$4,692, respectively.

**NOTE 6 - CONCENTRATIONS**

The Organization generally receives significant grants from three large donors. If the donors decided not to contribute in a given year, it could have an adverse effect on operations.

**NOTE 7 - ALLOCATION OF JOINT COSTS**

During the years ended June 30, 2017 and 2016, the Organization incurred joint costs of \$160,839 and \$170,945, respectively, for activities that included fundraising appeals. These joint costs were allocated as follows:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Program Services	\$ 143,147	\$ 152,140
Management and General	12,867	13,677
Fundraising	<u>4,825</u>	<u>5,128</u>
Total	<u>\$ 160,839</u>	<u>\$ 170,945</u>

**FAMILY PROMISE – SALT LAKE**  
**(A Non-Profit Organization)**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**NOTE 8 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through December 15, 2017, the date which the financial statements were available to be issued, and noted no material subsequent events that would require disclosure in or adjustment to these financial statements as of June 30, 2017, except as follows:

- During July 2017, the Organization purchased a residential real estate property in Salt Lake City, Utah for \$249,000, which will be used as a rental to house and accommodate low-income families.

**FAMILY PROMISE - SALT LAKE**  
**(A Non-Profit Organization)**  
Statement of Activities  
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	2016 Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
General donations and special events	\$ 190,788	\$ -	\$ 190,788
Grants - government	98,235	-	98,235
Grants - other	102,309	-	102,309
Rent income	34,997	-	34,997
In-kind contributions	142,885	-	142,885
Interest income	184	-	184
	<u>569,398</u>	<u>-</u>	<u>569,398</u>
<b>OPERATING EXPENSES</b>			
Program Services:			
Program expenses	<u>452,142</u>	<u>6,575</u>	<u>458,717</u>
Supporting Services:			
Management and general	27,021	-	27,021
Fundraising	17,214	-	17,214
	<u>44,235</u>	<u>-</u>	<u>44,235</u>
Total Operating Expenses	<u>496,377</u>	<u>6,575</u>	<u>502,952</u>
Change in Net Assets	73,021	(6,575)	66,446
Net Assets at Beginning of Year	<u>288,781</u>	<u>296,439</u>	<u>585,220</u>
Net Assets at End of Year	<u>\$ 361,802</u>	<u>\$ 289,864</u>	<u>\$ 651,666</u>

The accompanying notes are an integral part of these financial statements.