

FRIENDS IN DEED

**Formerly known as
ECUMENICAL COUNCIL OF PASADENA AREA
CONGREGATIONS**

***FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2015
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT***

FRIENDS IN DEED

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To the Board of Trustees

Friends in Deed

Pasadena, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial statements of **Friends in Deed** which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, functional expenditures and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2014 financial statements and in our report dated January 25, 2016 an unqualified opinion was expressed on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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. 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 risk of material misstatement of the financial statements 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 statement 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriated to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Friends in Deed** as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hill, Morgan and Associates, LLP

Carson, California
May 31, 2016

FRIENDS IN DEED
STATEMENT OF FINANCIAL POSITION
December 31, 2015
(With comparative totals as of December 31, 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 133,018	\$ 122,133
Grants receivable	<u>32,017</u>	<u>104</u>
Total current assets	<u>165,035</u>	<u>122,237</u>
FIXED ASSETS:		
Land (Note 3)	6,512	6,512
Buildings (Note 3)	135,220	135,220
Furniture and equipment (Note 3)	<u>55,682</u>	<u>55,682</u>
Total fixed assets	197,414	197,414
Less accumulated depreciation	<u>(162,521)</u>	<u>(157,604)</u>
Net fixed assets	<u>34,893</u>	<u>39,810</u>
Total assets	<u><u>\$ 199,928</u></u>	<u><u>\$ 162,047</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued salaries	\$ 4,703	\$ 11,034
Deferred revenue	545	-
Credit card payable	-	39,156
Accrued vacation (Note 4)	<u>6,442</u>	<u>1,446</u>
Total current liabilities	<u>11,690</u>	<u>51,636</u>
Total liabilities	<u>11,690</u>	<u>51,636</u>
NET ASSETS:		
Unrestricted	<u>188,238</u>	<u>110,411</u>
Total net assets	<u>188,238</u>	<u>110,411</u>
Total liabilities and net assets	<u><u>\$ 199,928</u></u>	<u><u>\$ 162,047</u></u>

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

FRIENDS IN DEED
STATEMENT OF ACTIVITIES
For the year ended December 31, 2015
(With comparative totals for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues:		
Donations	\$ 232,779	\$ 66,555
Government grants and foundations	126,344	220,565
Special events (Net of direct cost of \$31,638)	75,786	75,133
Dividends	<u>215</u>	<u>-</u>
Total revenues	<u>435,124</u>	<u>362,253</u>
Expenses:		
Program expenses	272,711	256,106
Support services	<u>84,586</u>	<u>66,174</u>
Total expenses	<u>357,297</u>	<u>322,280</u>
Increase in net assets	77,827	39,973
Net assets, beginning of the year	<u>110,411</u>	<u>70,438</u>
Net assets, end of the year	<u><u>\$ 188,238</u></u>	<u><u>110,411</u></u>

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

FRIENDS IN DEED
STATEMENT OF FUNCTIONAL EXPENDITURES
For the year ended December 31, 2015
(With comparative totals for the year ended December 31, 2014)

	<u>Program</u>	<u>Support Services</u>	<u>2015 Total Expenditures</u>	<u>2014 Total Expenditures</u>
Expenditures:				
Salaries	\$ 150,840	\$ 36,426	\$ 187,266	\$ 167,107
Benefits			-	6,539
Payroll taxes	19,446	2,652	22,098	23,532
Workers compensation insurance	6,356	867	7,223	14,202
Depreciation	4,917		4,917	4,917
Insurance	8,401		8,401	9,719
Occupancy			-	2,500
Office expense		26,939	26,939	17,163
Program supplies	14,563		14,563	32,083
Program costs	42,100		42,100	-
Utilities	18,245	2,487	20,732	16,465
Repairs and maintenance	7,843	3,361	11,204	10,665
Interest expense		656	656	7,741
Bank charges and other fees		2,188	2,188	2,017
Other		9,010	9,010	7,630
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	\$ <u>272,711</u>	\$ <u>84,586</u>	\$ <u>357,297</u>	\$ <u>322,280</u>

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

FRIENDS IN DEED
STATEMENT OF CASH FLOWS
For the year ended December 31, 2015
(With comparative totals for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 77,827	\$ 39,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,917	4,917
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(31,816)	
Other assets	(97)	
Increase (decrease) in liabilities:		
Accounts payable	(6,331)	7,534
Deferred revenue	545	
Credit card payable	(39,156)	156
Accrued vacation	4,996	1,446
	<u>10,885</u>	<u>54,026</u>
Net cash provided by operating activities		
	10,885	54,026
Net increase in cash		
	10,885	54,026
Cash and cash equivalents-beginning of the year	<u>122,133</u>	<u>68,107</u>
Cash and cash equivalents-end of the year	<u>\$ 133,018</u>	<u>\$ 122,133</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest expense	<u>\$ 656</u>	<u>\$ 7,741</u>

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

FRIENDS IN DEED

NOTES TO FINANCIAL STATEMENTS

NOTE 1- NATURE OF ACTIVITIES

Friends In Deed is an organization that was originally created to express the cooperative relationship among interfaith congregations in the Pasadena area through social service programs to low income and homeless people. The current programs of Friends In Deed include a food pantry, a winter homeless shelter, a day shelter for women who are homeless or at risk of homelessness, a homeless prevention program, and a free thrift store for folks in need of interview and work clothing. Friends In Deed also has Memorandums of Understanding with six other Pasadena social service organizations in order to more fully meet the needs of our clients. Major sources of revenue are individual donations, government grants, corporate/organization grants and fundraising events.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide "Nonprofit Organizations."

ESTIMATES

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

CASH AND CASH EQUIVALENTS

Friends in Deed consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

GRANTS RECEIVABLE

There is no provision for doubtful accounts as all receivables were considered collectible.

PROPERTY AND EQUIPMENT

Property and equipment acquired is considered to be owned by Friends in Deed while used in the program for which it was purchased or in other future authorized programs; however, the various Federal and state agencies have a reversionary interest in the property and equipment; its disposition as well as the ownership of any proceeds there from is subject to Federal and state regulations. Property and equipment is carried at cost less the related accumulated depreciation. Donated property and equipment is carried at the fair market value at the date of donation. Friends in Deed capitalizes property and equipment purchased with non-government funds having a unit value of \$5,000 or more and a life expectancy of two or more years. Property and equipment purchased with government funds is expensed in the year of purchase. Depreciation is computed using the straight-line method over the estimated life of the property and equipment.

These notes are an integral part of the preceding financial statements.

FRIENDS IN DEED

NOTES TO FINANCIAL STATEMENTS

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

INCOME TAXES

Friends in Deed is an association of churches that is exempt from filing Federal and State income tax returns under Internal Revenue Code Section 501(c) (3) and California State Revenue and Taxation Code Section 23701(d) except on net income derived from unrelated business activities. Friends in Deed did not have any unrelated business income in 2014.

REVENUE RECOGNITION

Friends in Deed recognizes revenue when contract services are provided, revenue is recorded as restricted or non restricted depending on the existence or nature of a contract agreement.

RECOGNITION OF DONOR RESTRICTIONS

Friends in Deed reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restriction.

EXPENSE ALLOCATION

The costs of providing the various programs and supporting services have been summarized on a functional basis. Certain allocations have been estimated between program expense and support services.

COMPARATIVE FINANCIAL INFORMATION

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

These notes are an integral part of the preceding financial statements.

FRIENDS IN DEED

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 comprise the following:

<u>Description</u>	<u>Cost</u>	<u>Accum. depreciation</u>	<u>Net book Value</u>
Land*	\$ 6,512	\$	\$ 6,512
Building*	135,220	(106,839)	28,381
Furniture and equipment	<u>55,682</u>	<u>(55,682)</u>	<u>-0-</u>
Net property and equipment	\$ <u>197,414</u>	\$ <u>(162,521)</u>	\$ <u>34,893</u>

*The land and building consists of a two story 4,288 square foot commercial building built in 1978 on a corner lot at 446 E. Washington Boulevard, Pasadena, California which includes parking spaces for eight vehicles.

Depreciation expense for the year ended December 31, 2015 was \$4,917.

NOTE 4 - COMPENSATED ABSENCES

Employees can earn annual vacation leave at a rate of two weeks after one year of service; three weeks after five years of service; and four weeks after ten years of service. At termination or retirement, employees are paid for any accumulated annual vacation time. The liability for accumulated unpaid vacation at December 31, 2015 is \$6,442.

These notes are an integral part of the preceding financial statements.

FRIENDS IN DEED

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LEASE COMMITMENTS

Friends in Deed entered into a lease agreement for office equipment. The characteristics of this lease agreement is such that it is recorded on the general ledger as operating type leases. The five year lease commenced in December 2011 and it requires a monthly payment of \$335. The total expenses for lease of office equipment for the year ended December 31, 2015 was \$4,020.

<u>Year ended Dec. 31,</u>	<u>Amount</u>
2016	\$ 4,020
2017	-0-
2018	-0-
2019	-0-
2020	-0-
Thereafter	<u>-0-</u>
Total	\$ <u>4,020</u>

NOTE 6 - SUBSEQUENT EVENTS

Friends in Deed's management has evaluated subsequent events for the period from December 31, 2015 through May 31, 2016, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

These notes are an integral part of the preceding financial statements.