

**FRIENDS OF FALLS CHURCH  
HOMELESS SHELTER, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 and 2017**

# FRIENDS OF FALLS CHURCH HOMELESS SHELTER, INC.

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# FRIENDS OF FALLS CHURCH HOMELESS SHELTER INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

<i>Year ended June 30,</i>	<b>2018</b>	2017
<b>Support and Revenue</b>		
Contributions	\$ 66,851	\$ 67,800
Grants	36,420	37,360
In-kind contributions	16,000	16,000
Fund raising events	4,942	38,960
Interest income	3	14
Dividend income	3,436	907
Net investment income	14,655	8,523
<b>Total support and revenue</b>	<b>142,307</b>	169,564
<b>Expenses:</b>		
<b>Program Services</b>		
Shelter and Case Management	80,714	79,867
Shelter expenses	20,766	21,291
Emergency Housing Stabilization	7,190	5,424
<b>Administrative Services</b>		
Fund raising expenses	575	11,066
Office and Administrative	3,314	7,273
Professional fees	5,000	3,200
<b>Total expenses</b>	<b>117,559</b>	128,121
<b>Increase (decrease) in net assets</b>	<b>24,748</b>	41,443
<b>Net assets, beginning</b>	<b>238,693</b>	197,250
<b>Net assets, ending</b>	<b>\$ 263,441</b>	\$ 238,693

*See accompanying notes and independent auditors' report.*

# FRIENDS OF FALLS CHURCH HOMELESS SHELTER, INC.

## STATEMENTS OF FINANCIAL POSITION

<i>Year ended June 30,</i>	<b>2018</b>	2017
<b>Assets</b>		
<b>Current assets:</b>		
Cash in bank - Checking accounts	<b>45,923</b>	64,101
Contributions receivable	<b>835</b>	762
Prepaid expenses	<b>386</b>	386
<b>Total current assets</b>	<b>47,144</b>	65,249
<b>Investments</b>	<b>219,711</b>	188,571
<b>Total Assets</b>	<b>\$ 266,855</b>	\$ 253,820
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	<b>\$ 3,414</b>	\$ 15,127
<b>Total current liabilities</b>	<b>3,414</b>	15,127
<b>Net Assets:</b>		
Unrestricted:		
Board designated - relocation fund	<b>160,000</b>	160,000
Undesignated	<b>103,441</b>	78,693
<b>Total net assets</b>	<b>263,441</b>	238,693
<b>Total Liabilities and Net Assets</b>	<b>\$ 266,855</b>	\$ 253,820

*See accompanying notes and independent auditors' report.*

# FRIENDS OF FALLS CHURCH HOMELESS SHELTER, INC.

## STATEMENTS OF CASH FLOWS

<i>Year ended June 30,</i>	<b>2018</b>	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 24,748	\$ 41,443
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Donated investment securities	(3,053)	-
Realized (gain)/ loss on sale of investments	(2,486)	16
Unrealized (gain)/ loss on investments	(12,469)	(8,539)
(Increase) decrease contributions receivable	(73)	(762)
(Increase) decrease prepaid expenses	-	(386)
(Decrease) Increase accounts payable	(11,713)	13,074
<b>Net cash provided (used) by operating activities</b>	<b>(5,046)</b>	44,846
<b>Cash flows from investing activities:</b>		
Sale of investments	16,938	2,361
Purchase of investments	(30,070)	(182,409)
<b>Net cash provided (used) by investing activities</b>	<b>(13,132)</b>	(180,048)
<b>Net increase (decrease) in cash</b>	<b>(18,178)</b>	(135,202)
<b>Cash, beginning of year</b>	<b>64,101</b>	199,303
<b>Cash, end of year</b>	<b>\$ 45,923</b>	\$ 64,101

*See accompanying notes and independent auditors' report.*

# FRIENDS OF FALLS CHURCH HOMELESS SHELTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note A Summary of Significant Accounting Policies

#### Nature of Activities

Friends of Falls Church Homeless Shelter, Inc. (FFCHS) was organized in 2007 to provide a winter shelter and other services to needy persons in the Greater Falls Church, VA area. FFCHS also provides counseling and assists single adults to access permanent affordable housing or services needed to maintain a stable housing environment.

#### Basis of Accounting

The financial statements of the Friends of Falls Church Homeless Shelter, Inc. have been prepared on the accrual basis of accounting in conformity with standards promulgated by the American Institute of Certified Public Accountants.

#### Financial Statement Presentation

Established standards for external financial reporting by not-for-profit organizations require that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. A description of the net asset categories follows:

*Unrestricted net assets:* To be used for continuing operations of FFCHS.

*Board designated -- relocation fund:* Funds to be used for costs in the event of relocation. Although the Board could release or revise the designation in the future there is no intent to do so.

*Temporarily restricted net assets:* Represent resources currently available for use, but expendable only for those operating purposes specified by the donor.

*Permanently restricted net assets:* Represents contributions restricted to investment in perpetuity, the income from which is expendable for the continuing operations.

As of June 30, 2018, Friends of Falls Church Homeless Shelter, Inc. has only unrestricted net assets.

#### Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statements of Financial Position. Realized and unrealized gains and losses are included in the Statements of Activities.

# FRIENDS OF FALLS CHURCH HOMELESS SHELTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### **Note A Summary of Significant Accounting Policies (continued)**

#### **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 these estimates.

### **Note B Income Taxes**

The Organization is exempt from income taxes under Code Section 501(c)(3) of the Internal Revenue Code. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax-exempt status. Required tax filings are up to date. Tax years before 2014 are no longer subject to federal tax examinations.

### **Note C Contributions In-Kind**

Many people have contributed significant amounts of time to the activities of the Organization without compensation. The Organization has also been provided in-kind donations and prepared meals by families and various members of the community. These items are not reflected in the financial statements. If the items were recorded as additional support received, there would be offsetting expenses recorded.

The shelter space used for four and a half months each year for housing belongs to the City of Falls Church. The space is donated to Friends of Falls Church Homeless Shelter, Inc. The fair market value of the building has been recorded as an in-kind contribution with the offsetting expense for rent.

### **Note D Date of Management's Review**

Management has evaluated subsequent events through December 3, 2018, the date the financial statements were available to be issued.

# FRIENDS OF FALLS CHURCH HOMELESS SHELTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note E

#### Fair Value Measurements

The Organization's investments are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based on observable market-based inputs other than quoted prices for identical assets in active markets. Investments valued using Level 3 inputs are based on management's assumptions and unobservable inputs.

The Organization's investments in equities, money market funds, government agency funds and equity mutual funds are all measured at fair value as of June 30, 2018 on a recurring basis, using Level 1 inputs. Any certificates of deposit are measured at fair value using Level 2 inputs.

### Note F

#### Investments

The Organization's investments at June 30, 2018 and 2017 are recorded at market value as summarized below:

	<u>2018</u>	<u>2017</u>
Cash	\$ 23,140	\$ 1,022
Taxable Fixed Income Funds	63,339	60,030
Equities	<u>133,232</u>	<u>127,519</u>
	<u>\$ 219,711</u>	<u>\$ 188,571</u>

Net income from investments consisted of:

Interest	\$ 3	\$ 14
Dividends	3,436	907
Realized gain (loss) on investments	2,186	(16)
Unrealized gain (loss) on investments	<u>12,469</u>	<u>8,539</u>
	<u>\$ 18,094</u>	<u>\$ 9,444</u>





# GEORGEN SCARBOROUGH

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## INDEPENDENT AUDITORS' REPORT

KATHY J. GEORGEN, CPA  
D.H. SCARBOROUGH, RETIRED

Board of Directors  
Friends of Falls Church Homeless Shelter, Inc.

We have audited the accompanying financial statements of Friends of Falls Church Homeless Shelter, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities, changes in net assets, 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.

### 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 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 Friends of Falls Church Homeless Shelter, Inc. as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Georgen Scarborough Associates, PC*  
December 3, 2018