



Report of Independent Accountants

For the Year Ended

December 31, 2012

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Independent Accountants' Review Report

Board of Directors
Family Promise of Orange County, Inc.
PO Box 6225
Orange, CA 92863

We have reviewed the accompanying statement of financial position of Family Promise of Orange County, Inc. (the Organization) as of December 31, 2012, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

August 29, 2013

Family Promise of Orange County, Inc.
Statement of Activities
For the Year Ended December 31, 2012

Revenue, gains & other support

Public support:

| | |
|---------------|-----------|
| Contributions | \$ 72,415 |
| Grants | 31,500 |
| Gifts in-kind | 201,451 |

Total Public support

305,366

Revenues:

| | |
|--------------------|--------|
| Fundraising events | 19,178 |
| Other revenue | 487 |

Total revenues

19,665

Total revenues, gains and other support

325,031

Expenses

Program services:

| | |
|----------------------|---------|
| Program expenses | 266,720 |
| Depreciation expense | 3,354 |

Total Program services

270,074

Support services:

| | |
|------------------------|--------|
| Management and general | 46,314 |
| Fundraising expense | 7,842 |

Total Support services

54,156

Total expenses

324,230

| | |
|----------------------|-----|
| Change in net assets | 801 |
|----------------------|-----|

Net assets, beginning of year

79,410

Net assets, end of year

\$ 80,211

See accompanying notes and Accountants' Review Report

Family Promise of Orange County, Inc.
Notes to Financial Statements
December 31, 2012

1. Organization and Operations:

Organization Activities

Family Promise of Orange County (the "Organization") was formed in 2009. It is an affiliate of the national organization called Family Promise. The Organization offers homeless families the opportunity to achieve housing stability by providing short term shelter, meals, case management and hospitality. The Organization utilizes local resources including faith-based congregations and community organizations.

2. Significant Accounting Policies:

This summary of significant accounting policies of Family Promise of Orange County is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The records of the Organization are maintained on the cash basis of accounting. Adjustments have been made to the records to present them on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States.

Fund Accounting

The accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting into funds established according to their nature and purpose.

The Organization has adopted Statement of Financial Accounting Standards ("SFAS") No. 116, "Accounting for Contributions Received and Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 116 requires that unconditional promises to give be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. The assets, liabilities and net assets of the Organization are reported within categories as follows:

Family Promise of Orange County, Inc.
Notes to Financial Statements
December 31, 2012

2. Significant Accounting Policies, continued

Net Assets

"Unrestricted Net Assets" - the part of the net assets of the Organization that is not temporarily restricted by donor-imposed stipulations - that is, the part of net assets resulting from (1) all revenues, expenses, gains, and losses that are not changes in temporarily restricted net assets and (b) reclassifications from (to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or fulfillment and removal by actions of the Organization pursuant to those stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of the Organization and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements.

"Temporarily Restricted Net Assets" - the part of the net assets of the Organization resulting from (a) contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) other assets enhancements and diminishments subject to the same kinds of stipulations, and (c) reclassifications to (from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

For the year ended December 31, 2012, there were no temporary or permanent restrictions on net assets.

Income Taxes

The Organization is exempt from Federal income and California franchise taxes under the provisions of the Internal Revenue Code Section 501(c)(3) and corresponding California provisions. Accordingly, no provision has been made for such taxes in the accompanying financial statements. Should the Organization engage in activities which are unrelated to its exempt purpose, payment of tax on unrelated business income could be required. Due to the tax exempt nature of the Organization, and the lack of any unrelated business income, there are no uncertain tax positions required for disclosure under FIN 48.

Cash and Cash Equivalents

Cash includes highly liquid investments with original maturities of six months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturity of those financial statements.

Family Promise of Orange County, Inc.
Notes to Financial Statements
December 31, 2012

2. 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. Areas where estimates have a material impact on the financial statements consist of the estimated values of volunteer hours and meals provided to participants of the program.

Fixed Assets

Fixed assets are stated at cost. For financial reporting purposes, the Organization follows the policy of providing depreciation on the straight-line method over the estimated useful lives of the assets which are as follows:

| | <u>Years</u> |
|-------------------------|--------------|
| Furniture and equipment | 5 - 7 |
| Improvements | 39 |
| Computer software | 5 |

3. Equipment and Improvements

Equipment and improvements are comprised of the following as of December 31, 2012:

| | |
|--------------------------------|-------------------------|
| Furniture and equipment | \$ 1,121 |
| Improvements | 46,126 |
| Computer software | <u>7,410</u> |
| | 54,657 |
| Less: Accumulated depreciation | <u>(2,598)</u> |
| | <u><u>\$ 52,059</u></u> |

4. Commitments and Contingencies

The Organization leases its principal office under an operating lease. The terms of the lease provide for annual payments of \$1 for a term of sixty months commencing October 1, 2011. Future minimum lease payments under this agreement are as follows:

Family Promise of Orange County, Inc.
Notes to Financial Statements
December 31, 2012

4. Commitments and Contingencies, continued

| | | |
|------|----|----------|
| 2013 | \$ | 1 |
| 2014 | | 1 |
| 2015 | | 1 |
| 2016 | | 1 |
| | | <hr/> |
| | \$ | <u>4</u> |

The Organization is dependent on host and supporting local congregations to provide temporary overnight shelter to those it serves. To date, they have had no difficulty in identifying congregations to participate in their mission. However should there be difficulty in locating congregations to participate in the future, it would have a negative impact on the services provided by the Organization.

The Organization is also provided significantly reduced rent by First United Methodist Church of Orange. If the Organization was required to pay market rent for its facilities, it would have a material impact on the financial results.

5. Related Party Transactions

Many of the Organization's board members contribute to the Organization and provide a significant portion of it's public support. Beyond this support, there are no agreements or transactions between members of the Board and the Organization or any other related parties.

6. Subsequent Events

Events subsequent to December 31, 2012 have been evaluated through August 29, 2013, the date these statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. No items were noted which would warrant disclosure.