

FRESNO FIRST STEPS HOME, INC.

FINANCIAL STATEMENTS

for the years ended December 31, 2014 and 2013

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Fresno First Steps Home, Inc.:

We have reviewed the accompanying statements of financial position of Fresno First Steps Home, Inc. (a nonprofit organization) as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 reviews 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 reviews, 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.

Baker Peterson Franklin CPA LLP

November 25, 2015

FRESNO FIRST STEPS HOME, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

(See Independent Accountants' Review Report)

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 276,301	\$ 545,774
Total current assets	<u>\$ 276,301</u>	<u>\$ 545,774</u>
LIABILITIES AND NET ASSETS		
Net assets:		
Unrestricted	\$ 276,301	\$ 545,774
Total liabilities and net assets	<u>\$ 276,301</u>	<u>\$ 545,774</u>

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

FRESNO FIRST STEPS HOME, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
for the years ended December 31, 2014 and 2013

(See Independent Accountants' Review Report)

	2014	2013
Support and revenues:		
Contributions	\$ <u>155,542</u>	\$ <u>161,406</u>
Total support and revenues	<u>155,542</u>	<u>161,406</u>
Functional expenses:		
Program services	368,235	127,172
Marketing, advertising and fund development services	49,772	44,667
Management and general	<u>7,410</u>	<u>1,783</u>
Total functional expenses	<u>425,417</u>	<u>173,622</u>
Change in net assets from operations	<u>(269,875)</u>	<u>(12,216)</u>
Other income:		
Interest income	402	370
Miscellaneous income	<u>-</u>	<u>2,969</u>
Total other income	<u>402</u>	<u>3,339</u>
Change in net assets	(269,473)	(8,877)
Net assets at beginning of year	<u>545,774</u>	<u>554,651</u>
Net assets at end of year	<u><u>\$ 276,301</u></u>	<u><u>\$ 545,774</u></u>

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

FRESNO FIRST STEPS HOME, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
for the years ended December 31, 2014 and 2013

(See Independent Accountants' Review Report)

	2014				2013			
	Program Services	Marketing, Advertising and Fund Development Services	Management and General	Total	Program Services	Marketing, Advertising and Fund Development Services	Management and General	Total
Advertising expenses	\$ 4,668	\$ -	\$ -	\$ 4,668	\$ 8,075	\$ -	\$ -	\$ 8,075
Bank fees	-	-	804	804	-	-	354	354
Business registration fees	-	-	50	50	-	-	150	150
Fresno Housing Authorities	363,567	-	-	363,567	119,097	-	-	119,097
Fundraising fees	-	1,022	-	1,022	-	1,417	-	1,417
Insurance - liability	-	-	1,240	1,240	-	-	1,186	1,186
Miscellaneous	-	-	2,745	2,745	-	-	-	-
Outside contract services	-	48,750	-	48,750	-	43,250	-	43,250
Postage, mailing service	-	-	412	412	-	-	46	46
Printing and copying	-	-	2,149	2,149	-	-	17	17
State tax	-	-	10	10	-	-	30	30
Total functional expenses	<u>\$ 368,235</u>	<u>\$ 49,772</u>	<u>\$ 7,410</u>	<u>\$ 425,417</u>	<u>\$ 127,172</u>	<u>\$ 44,667</u>	<u>\$ 1,783</u>	<u>\$ 173,622</u>

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

FRESNO FIRST STEPS HOME, INC.
STATEMENTS OF CASH FLOWS
for the years ended December 31, 2014 and 2013

(See Independent Accountants' Review Report)

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ (269,473)	\$ (8,877)
Net cash and cash equivalents used by operating activities	<u>(269,473)</u>	<u>(8,877)</u>
Net decrease in cash and cash equivalents	(269,473)	(8,877)
Cash and cash equivalents at beginning of year	<u>545,774</u>	<u>554,651</u>
Cash and cash equivalents at end of year	<u><u>\$ 276,301</u></u>	<u><u>\$ 545,774</u></u>

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

FRESNO FIRST STEPS HOME, INC.
NOTES TO FINANCIAL STATEMENTS

(See Independent Accountants' Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Fresno First Steps Home, Inc. (the Organization), formerly Fresno Development Collaborative, was incorporated December 7, 2007 and amended November 24, 2010 for the purpose of assisting with the prevention and ending of homelessness in the Fresno, California area. The Organization contracts with agencies to provide services and programs that help end the cycle of homelessness by providing immediate housing to individuals for stability and then wrapping services and support around them for long-term success.

a. Accounting basis:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization presents a Statement of Cash Flows. The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets 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 and Changes in Net Assets as net assets released from restrictions. The Organization currently has no temporarily restricted net assets.

Permanently restricted net assets – Net assets that are held in perpetuity and assets that have been contributed by donors with stipulations that they be invested in perpetuity. The Organization currently has no permanently restricted net assets.

b. Use of estimates:

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

FRESNO FIRST STEPS HOME, INC.
NOTES TO FINANCIAL STATEMENTS, Continued

(See Independent Accountants' Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

c. Cash and cash equivalents:

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Revenue recognition:

Due to the uncertainty surrounding collection of contributions, revenue is reported in the financial statements in the year received. However, if a donor makes a pledge of a contribution that is legally enforceable, a receivable is recorded.

Grants and similar items are recognized as revenue when payments are received.

e. Contributed assets:

All assets contributed to the Organization are recorded at the fair market value at the date of the gift. Contributed assets may be sold to outside parties. The gain or loss over the amount recorded at the time of contribution is recognized in the year of sale.

f. Contributed materials, facilities and services:

Contributed materials represent the estimated fair market value of donated materials and supplies.

Contributed services are reflected in the financial statements at the fair value of the services received. The types of services provided generally involve the contribution of accounting and legal services for management of the Organization. The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by donation.

g. Donor-imposed restrictions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted.

FRESNO FIRST STEPS HOME, INC.
NOTES TO FINANCIAL STATEMENTS, Continued

(See Independent Accountants' Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

h. Functional allocation of expenses:

Direct and indirect expenses are allocated to program services, marketing, advertising and fund development services or management and general categories based upon management's estimate of their specific identification or relative amount of personnel time expended in the function.

i. Fundraising:

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

j. Tax status:

The Organization has qualified as a not-for-profit organization and is therefore exempt from Federal and State of California income tax under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). The Organization has also been classified as an entity that is not a private foundation within the meaning of IRC Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). The Organization believes that it is more likely than not to be sustained for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

k. Subsequent events:

Management has evaluated subsequent events through November 25, 2015, the date which the financial statements were available to be issued.

FRESNO FIRST STEPS HOME, INC.
NOTES TO FINANCIAL STATEMENTS, Continued

(See Independent Accountants' Review Report)

2. FINANCIAL CONCENTRATIONS:

During the fiscal years ended December 31, 2014 and 2013, the Organization received 71% and 77% of all of its contributions from three donors, respectively. Two of the donors, Community Medical Centers and Saint Agnes Medical Center for the year ended December 31, 2014 and all three of the donors, Community Medical Centers, Fresno Unified School District and Kaiser Foundation for the year ended December 31, 2013 are considered related parties and represent 48% and 77% of the concentration, respectively. These entities are considered related parties as various board members of the Organization are employees of the entities, noted above.

The Organization is subject to concentrations of credit risk with respect to funds on deposit with financial institutions. At various times such amounts may be in excess of insured limits.

3. FUNDRAISING EXPENSE:

Total fundraising expense for the years ended December 31, 2014 and 2013 was \$25,397 and \$23,042, respectively. Fundraising expenses related to the total annual campaign contribution revenue for the years ended December 31, 2014 and 2013 was 16% and 14%, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

4. COMMITMENT:

During the year ended December 31, 2014, the Organization authorized a conditional funding commitment for \$100,000 contingent upon the third party recipient obtaining grant funding. During February 2015, the funding commitment became unconditional upon the recipient being awarded the grant, and the Organization met its obligation by paying the \$100,000.