

PLACE OF PROMISE, INC.

(A Non-Profit Corporation)

ANNUAL FINANCIAL STATEMENTS

(Review)

JUNE 30, 2015

PLACE OF PROMISE, INC.
LOWELL, MASSACHUSETTS
(A Non-Profit Corporation)

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To the Board of Directors of
Place of Promise, Inc.
Lowell, Massachusetts

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying statement of financial position of Place of Promise, Inc. (a nonprofit organization) as of June 30, 2015 and the related statements of activities, functional expenses, 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.



Certified Public Accountant
May 6, 2016

PLACE OF PROMISE, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

CURRENT ASSETS:

Cash - Operations	\$ 118,996
Cash - Held in Trust (Note 5)	56,765
Total Cash	<u>175,761</u>
Investments (Note 2 & 3)	37,474
Loan Receivable (Note 6)	10,750
Prepaid expenses	14,463
Total Current Assets	<u>238,448</u>

PROPERTY AND EQUIPMENT (Note 2 & 4):

Land	174,000
Buildings	727,366
Building Improvements	29,993
Automobiles	32,472
	<u>963,831</u>
Less - Accumulated Depreciation	(242,459)
Net Property and Equipment	<u>721,372</u>

TOTAL ASSETS \$ 959,820

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 1,979
Accrued Expenses	3,400
Deposits Held in Trust (Note 5)	56,765
Equity Line of Credit Payable (Note 7)	20,000
Mortgages Payable - current portion	7,671
Total Current Liabilities	<u>89,815</u>

LONG TERM LIABILITIES:

Mortgages Payable - long term - (Note 8)	<u>209,845</u>
Total Liabilities	299,660

NET ASSETS (Note 2 & 9):

Temporarily Restricted Net Assets	0
Unrestricted Net Assets	660,160
Total Net Assets	<u>660,160</u>

TOTAL LIABILITIES AND NET ASSETS \$ 959,820

See accompanying Notes and Independent Accountant's Review Report.

PLACE OF PROMISE, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND GAINS (Note 2, 3 & 9):			
Contributions	\$ 321,723	\$ 18,800	\$ 340,523
Program Fees	34,156		34,156
Investment Income	184		184
Gain (Loss) on Sale of Investments-Realized	2,825		2,825
Gain (Loss) on Investments-Unrealized	(2,575)		(2,575)
Total Revenues and Gains	<u>356,313</u>	<u>18,800</u>	<u>375,113</u>
Net Assets released from restriction:			
Restrictions satisfied by payments (Note 9)	<u>19,800</u>	<u>(19,800)</u>	
Total Revenue, Gains, and Other Support	376,113	(1,000)	375,113
EXPENSES:			
Program	247,312		247,312
General and Administrative	103,480		103,480
Fundraising	<u>5,088</u>		<u>5,088</u>
Total Expenses	<u>355,880</u>		<u>355,880</u>
CHANGE IN NET ASSETS	20,233	(1,000)	19,233
NET ASSETS - BEGINNING OF YEAR	<u>639,927</u>	<u>1,000</u>	<u>640,927</u>
NET ASSETS - END OF YEAR	<u>\$ 660,160</u>	<u>\$ 0</u>	<u>\$ 660,160</u>

See accompanying Notes and Independent Accountant's Review Report.

PLACE OF PROMISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2015

	<u>PROGRAM</u>	<u>GENERAL & ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTALS</u>
Salaries & Wages	\$ 116,129	\$ 84,720		\$ 200,849
Employee Benefits	3,587	518		4,105
Payroll Taxes	10,487	7,656		18,143
Food & Supplies	6,856			6,856
Other Program Expenses	10,320			10,320
Auto Expense	11,528	1,425		12,953
Depreciation	26,670			26,670
Insurance	12,316			12,316
Intern Expenses	9,745			9,745
Education/Training	903			903
Repairs & Maintenance	3,750			3,750
Utilities	15,955			15,955
Telephone	7,207			7,207
Other Administrative		1,628		1,628
Interest	11,859	793		12,652
Professional Services		6,740		6,740
Newsletter & Printing			\$ 5,088	5,088
	<u>\$ 247,312</u>	<u>\$ 103,480</u>	<u>\$ 5,088</u>	<u>\$ 355,880</u>

See accompanying Notes and Independent Accountant's Review Report.

PLACE OF PROMISE, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2015

Increase (Decrease) in Cash & Cash Equivalents	
Change in Net Assets	\$ 19,233
Non-Cash Items Related to Operations Included in Net Assets:	
Depreciation	26,670
Gain on Sale of Investments	(2,825)
Unrealized Loss on Investments	2,575
Cash Flows from Operating Activities:	
Change in Prepaid Expenses	(8,083)
Change in Accounts Payable & Accrued Expenses	(861)
Change in Payroll Related Liabilities	(3,346)
Change in Deposits Held in Trust	<u>(3,103)</u>
Net Cash Provided by Operating Activities	30,260
Cash Flows from Investing Activities:	
Purchase of Motor Vehicle	(18,048)
Purchase of Building Improvements	(20,830)
Proceeds from Sale of Investments	17,006
Return of Capital - Securities	21
Purchase of Investments	(3,151)
Loan provided to Employee	<u>(10,750)</u>
Net Cash (Used in) Investing Activities	(35,752)
Cash Flows from Financing Activities:	
Mortgage Principal Payments	<u>(7,289)</u>
Net Cash (Used in) Financing Activities	<u>(7,289)</u>
Net Change in Cash	(12,781)
Cash - Beginning of Year	<u>188,542</u>
Cash - End of Year	\$ <u><u>175,761</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for Interest	\$ 12,586

See accompanying Notes and Independent Accountant's Review Report.

PLACE OF PROMISE, INC.

Notes to Financial Statements

June 30, 2015

1. Organization and Nature of Activities

Place of Promise, Inc. (the Organization) was formed for the purpose of providing integrated, supportive services, in community, addressing physical, emotional, and relational needs of the people of greater Boston, with the goal of encouraging each individual to reach his or her fullest potential in Christ. The purpose is fulfilled by operating and maintaining Christ-centered family-style residences, by mentoring and mentor training. Through these programs people receive guidance and assistance for having needs met. The Organization's primary source of support is contributions from individuals and churches.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Property, Plant and Equipment

The Organization follows a policy of capitalizing, at cost, all expenditures for fixed assets in excess of \$500 having an estimated useful life greater than two years. Property, plant and equipment is recorded at cost and depreciated on a straight-line basis over their estimated useful lives of three to thirty years. Depreciation for the year ended June 30, 2015 was \$26,670.

C. Accounting for Investments

The Organization follows ASC 958-320 for investments in debt and equity securities with readily determinable fair values which are measured at fair value upon acquisition if contributed or at cost if purchased. Gains, losses, dividends, interest, and other related income from these securities are reported in investment income in the Statement of Activities. Securities received from donors have historically been held only for short term investment.

D. Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

E. Income Taxes

The Corporation qualifies as a tax-exempt organization other than a private foundation under section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the financial statements.

F. Functional Allocation of Expenses

Expenses are charged directly to Program or Support in general categories based on specific identification. Certain employee benefits and payroll taxes have been allocated based on salary expenditures.

G. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

PLACE OF PROMISE, INC.

Notes to Financial Statements

June 30, 2015

2. Summary of Significant Accounting Policies – (Continued)

H. Contributions

The primary source of revenue is donations from individuals, churches, and other supporters. In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions that have donor designated restrictions are classified as temporarily restricted assets until they are disbursed for the intended purpose. No contributions have been received with donor imposed restrictions that would result in permanently restricted net assets.

I. Financial Statement Presentation

The Organization follows ASC 958 which establishes standards for external financial reporting by Not-for-Profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to donor imposed restrictions as unrestricted, temporarily restricted, or permanently restricted.

3. Investments – Marketable Equity Securities

Investments are stated at fair value and consist primarily of marketable equity securities as follows:

	<u>COST</u>	<u>LEVEL 1 FAIR VALUE</u>	<u>UNREALIZED APPRECIATION</u>
Equity Securities	\$ 25,551	\$37,474	\$11,923

Investment income consisted of dividend income of \$146, realized gains on sale of securities of \$2,825, and unrealized loss of (\$2,575), all which are considered unrestricted. \$3,151 of equity securities were purchased during the fiscal year, while proceeds of \$17,006 were received from the sale of the marketable equity securities.

4. Property and Equipment

Property owned by the Organization includes five residential facilities in the greater Boston, MA area. Facilities are intended to provide an integrated family-style residence and transitional condominium unit-style residences on a rental basis with a potential future option-to-buy for successful residents of the program.

5. Cash Held for Residents

During fiscal year June 2015, the Organization held certain cash balances for the benefit and convenience of the residents. The resident deposits were included in Cash but were not available for use in operations. The sum of \$56,765 in resident deposits was still being held in trust at the close of the fiscal year.

PLACE OF PROMISE, INC.

Notes to Financial Statements

June 30, 2015

6. Loan Receivable – Employee

In October, 2014 the Organization provided an interest-free loan to a long-time employee. The loan is deemed 100% collectible.

7. Equity Line of Credit

In November, 2006 the Organization executed and established a \$40,000 equity line of credit from a local bank for working capital purposes. Required payments on the line of credit are interest only at prime plus one percent and secured by a second mortgage on one of the Lowell residential properties. There is a \$20,000 balance payable on the line of credit at June 30, 2015.

8. Mortgages Payable

In March, 2006 a condominium residence was purchased with a loan of \$145,000 payable within 30 years at a fixed rate of 5.25%. Monthly payments of \$800.70 are payable through the maturity date in March, 2036. The condominium serves as collateral for the mortgage. Loan principal payments are due and payable for future fiscal years as follows:

6/30/16	\$3,319	6/30/18	\$3,686	6/30/20	\$ 4,093
6/30/17	\$3,498	6/30/19	\$3,884	Thereafter	\$102,818

In March, 2011 a residence was purchased with a loan of \$115,000 payable within 20 years at a fixed rate of 5.75%. Monthly payments of \$812.97 are payable through the maturity date in March, 2030. The residence serves as collateral for the mortgage. Loan principal payments are due and payable for future fiscal years as follows:

6/30/16	\$4,352	6/30/18	\$4,881	6/30/20	\$ 5,474
6/30/17	\$4,609	6/30/19	\$5,169	Thereafter	\$71,733

9. Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by donors as follows:

Children's Summer Camp	\$ 1,000
Executive Director Compensation	<u>18,800</u>
Net Assets released from Restrictions	\$19,800

10. Subsequent Events

The corporate management has reviewed subsequent events through May 6, 2016, the date the financial statements were available to be issued.