

DOROTHY DAY HOUSE OF HOSPITALITY, INC.
Financial Statements

December 31, 2015

DOROTHY DAY HOUSE OF HOSPITALITY, INC.

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Independent Accountants' Review Report

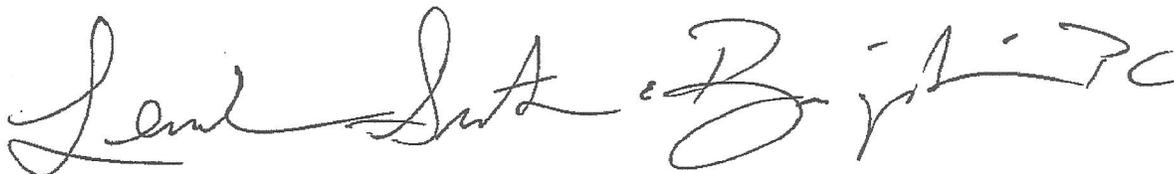
To the Board of Directors
Dorothy Day House of Hospitality, Inc.
Memphis, TN

We have reviewed the accompanying statement of financial position of Dorothy Day House of Hospitality, Inc. (a nonprofit corporation) as of December 31, 2015, and the related statement of activities, statement of functional expenses and statement of cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization's 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.

A handwritten signature in black ink, appearing to read "Leland Smith" followed by a stylized flourish that includes the letters "B", "J", "H", and "TC".

August 18, 2016

DOROTHY DAY HOUSE OF HOSPITALITY, INC.
Statement of Financial Position
December 31, 2015

Assets

Current Assets		
Cash	\$ 97,974	
Prepaid expenses	540	
Grants receivable	25,000	
Accounts receivable	<u>327</u>	
		\$ 123,841
Property and Equipment		
Building and improvements	287,325	
Land	108,300	
Furniture and fixtures	11,476	
Equipment	20,461	
Auto	4,498	
Less: accumulated depreciation	<u>(165,967)</u>	
		266,093
Other Assets		
Loan fees	3,670	
Less: accumulated amortization	<u>(1,835)</u>	
		1,835
Total Assets		<u>\$ 391,769</u>

Liabilities and Net Assets

Short-Term Liabilities		
Accounts payable	\$ 1,095	
Current portion of notes payable	12,277	
Fund deposits	<u>500</u>	
		\$ 13,872
Long-Term Liabilities		
Notes payable		278,844
Net Assets		
Unrestricted		<u>99,053</u>
Total Liabilities and Net Assets		<u>\$ 391,769</u>

See accompanying notes to financial statements and independent accountants' review report.

DOROTHY DAY HOUSE OF HOSPITALITY, INC.
Statement of Activities
Year Ended December 31, 2015

Unrestricted Net Assets			
Support			
Contributions	\$	135,967	
Fundraising activities		64,194	
Grants		32,500	
Investment income		66	
Miscellaneous income		<u>15,177</u>	
			\$ 247,904
Expenses			
Program services		120,863	
General and administrative		39,755	
Fundraising expenses		<u>25,581</u>	
			<u>186,199</u>
Increase in Net Assets			61,705
Beginning Net Assets			<u>37,348</u>
Ending Net Assets			<u><u>\$ 99,053</u></u>

See accompanying notes to financial statements and independent accountants' review report.

DOROTHY DAY HOUSE OF HOSPITALITY, INC.

Statement of Functional Expenses

Year Ended December 31, 2015

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Accounting	\$ -	\$ 8,265	\$ -	\$ 8,265
Seminars & meetings	856	-	-	856
Depreciation	13,432	-	-	13,432
Individual assistance	6,588	-	-	6,588
Grocery & household supplies	1,826	-	-	1,826
Insurance	5,547	-	-	5,547
Café du Memphis	-	-	2,383	2,383
Office expense	-	1,872	-	1,872
Postage	-	431	-	431
Printing	-	6,433	-	6,433
Wreath fundraising	-	-	21,100	21,100
Occupancy	14,891	-	-	14,891
Salaries & benefits	53,231	-	-	53,231
Telephone	2,745	-	-	2,745
Transportation	2,890	-	-	2,890
Repairs & maintenance	13,763	-	-	13,763
Taxes & licenses	3,879	204	-	4,083
School supplies	294	-	-	294
Other expenses	921	-	-	921
Interest expense	-	10,415	-	10,415
Amortization expense	-	734	-	734
Bad debt	-	1,590	-	1,590
Bank charges	-	2,056	-	2,056
Professional fees	-	7,755	-	7,755
Dues & subscriptions	-	-	2,098	2,098
	<u>\$ 120,863</u>	<u>\$ 39,755</u>	<u>\$ 25,581</u>	<u>\$ 186,199</u>

See accompanying notes to financial statements and independent accountants' review report.

DOROTHY DAY HOUSE OF HOSPITALITY, INC.
Statement of Cash Flows
Year Ended December 31, 2015

Cash Flows From (Used in) Operating Activities	
Increase in net assets	\$ 61,705
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Donated services and assets	2,400
Depreciation	13,432
Amortization	734
(Increase) decrease in:	
Accounts receivable	(25,327)
(Decrease) increase in:	
Accounts payable	(63)
Fund deposits	<u>500</u>
Net Cash From (Used in) Operating Activities	53,381
Cash Flows From (Used in) Investing Activities	
Purchase of property and equipment	<u>(964)</u>
Net Cash From (Used in) Investing Activities	(964)
Cash Flows From (Used in) Financing Activities	
Increase (decrease) in notes payable	<u>(34,355)</u>
Net Cash From (Used in) Financing Activities	<u>(34,355)</u>
Increase (Decrease) in Cash	18,062
Cash (Overdraft) at Beginning of Year	<u>79,912</u>
Cash (Overdraft) at End of Year	<u><u>\$ 97,974</u></u>

See accompanying notes to financial statements and independent accountants' review report.

DOROTHY DAY HOUSE OF HOSPITALITY, INC.
Notes to Financial Statements
December 31, 2015

Note 1 - Summary of Accounting Policies

Dorothy Day House of Hospitality, Inc. is an organization formed in 2004, organized to provide temporary housing for families who do not have a home. Additionally, the Organization will provide numerous resources to the resident families and other families in need, such as: food, clothing, furniture, employment assistance, and other needed services.

The Organization is economically dependent upon public support and fundraising revenues.

Basis of Accounting

The Organization presents its financial information on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time. The Organization had no temporarily restricted net assets at December 31, 2015.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that do not expire by passage of time and can not be fulfilled or otherwise removed by actions of the organization. The Organization had no permanently restricted net assets at December 31, 2015.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Property and Equipment

All property and equipment items are carried at cost. Expenditures which materially increase values or extend useful lives are capitalized, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged against revenue as incurred.

DOROTHY DAY HOUSE OF HOSPITALITY, INC.
Notes to Financial Statements
December 31, 2015

Note 1 - Summary of Accounting Policies, cont'd

Property and Equipment, cont'd

The cost of property and equipment is depreciated over the useful lives of the assets using the straight-line method. Depreciation expense for the year ended December 31, 2015 is \$13,432.

Income tax status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The Organization files IRS Form 990 in U.S. federal jurisdictions. The Organization is no longer subject to U.S. federal examinations by tax authorities for years ended before December 31, 2013.

Note 2 – Unrestricted Net Assets

All revenues are considered to be available for unrestricted use for the purpose of the Organization. Total unrestricted net assets available at December 31, 2015 are \$99,053.

Note 3 – Non-Cash Contributions

The Organization receives various donated services from volunteers throughout the year.

The Organization also receives a variety of non-cash contributions including household items, school supplies and non perishable foods. The Organization maintains these donations in a safe location and uses them as needed. No inventory is kept due to the difficulty in valuing these items and the frequency of their use.

Note 4 – Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with a maturity of six months or less. Fair value approximates carrying amounts.

DOROTHY DAY HOUSE OF HOSPITALITY, INC.
Notes to Financial Statements
December 31, 2015

Note 5 – Notes Payable

At December 31, 2014, the Organization had a note payable to an anonymous lender totaling \$22,500. The note was an interest free loan and was due in full on January 15, 2016. The Organization agreed to pay the lender at least \$500 per month beginning on November 1, 2014. At December 31, 2015, this note was paid in full.

On June 21, 2013, the Organization obtained a term loan from Regions Bank in the amount of \$320,000. The balance at December 31, 2015 is \$291,121. The term loan will require monthly payments of \$1,856 for five years with the remaining balance due June 21, 2018. The interest rate for the loan is 3.5% per year. The loan is collateralized by the Dorothy Day House of Hospitality in Memphis, Tennessee. Interest paid during the year was \$10,415.

Maturities by year are as follows:

	For the Year Ending <u>December 31,</u>
2016	\$ 12,277
2017	12,714
2018	<u>266,130</u>
	<u>\$ 291,121</u>

Note 6 – Subsequent Events

In preparing these financials, the Organization has evaluated events and transactions for potential recognition or disclosure through August 18, 2016, the date the financials were issued.