

PENNSYLVANIA HOME OF THE SPARROW

FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014



Certified Public Accountants and Business Consultants

PENNSYLVANIA HOME OF THE SPARROW

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YEARS ENDED JUNE 30, 2015 AND 2014

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Independent Auditors' Report

To the Board of Directors
Pennsylvania Home of the Sparrow
Exton, Pennsylvania

We have audited the accompanying financial statements of the Pennsylvania Home of the Sparrow, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditors' 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 the Pennsylvania Home of the Sparrow as of June 30, 2015 and 2014, 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.



West Chester, Pennsylvania
November 5, 2015

PENNSYLVANIA HOME OF THE SPARROW

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 765,199	\$ 844,759
Investments, current portion	1,288	43,329
Accounts receivable	123,870	42,427
Prepaid expenses	<u>12,820</u>	<u>15,340</u>
TOTAL CURRENT ASSETS	<u>903,177</u>	<u>945,855</u>
NONCURRENT ASSETS		
Investments, net of current portion	24,455	12,542
Property and equipment, net	<u>416,059</u>	<u>201,235</u>
TOTAL NONCURRENT ASSETS	<u>440,514</u>	<u>213,777</u>
TOTAL ASSETS	<u>\$ 1,343,691</u>	<u>\$ 1,159,632</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 15,111</u>	<u>\$ 11,853</u>
NET ASSETS		
Unrestricted		
Board designated	33,000	100,000
Unreserved	783,564	808,540
Temporarily restricted	486,273	226,037
Permanently restricted	<u>25,743</u>	<u>13,202</u>
TOTAL NET ASSETS	<u>1,328,580</u>	<u>1,147,779</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,343,691</u>	<u>\$ 1,159,632</u>

See accompanying notes.

PENNSYLVANIA HOME OF THE SPARROW

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES AND OTHER SUPPORT				
Contributions	\$ 226,300	\$ 573,971	\$ -	\$ 800,271
Grants	-	72,616	-	72,616
Special events	402,193	-	-	402,193
Net investment income (loss)	760	-	(459)	301
Miscellaneous income	9,877	-	-	9,877
Cash transferred to permanently restricted endowment fund	(13,000)		13,000	-
Net assets released from restrictions	386,351	(386,351)	-	-
TOTAL REVENUES AND OTHER SUPPORT	<u>1,012,481</u>	<u>260,236</u>	<u>12,541</u>	<u>1,285,258</u>
EXPENSES				
Program services	842,664	-	-	842,664
Supporting services				
Management and general	45,331	-	-	45,331
Fund-raising	216,462	-	-	216,462
TOTAL EXPENSES	<u>1,104,457</u>	<u>-</u>	<u>-</u>	<u>1,104,457</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(91,976)	260,236	12,541	180,801
NONOPERATING REVENUE				
Gain on sale of building	-	-	-	-
CHANGE IN NET ASSETS	(91,976)	260,236	12,541	180,801
NET ASSETS AT BEGINNING OF YEAR	<u>908,540</u>	<u>226,037</u>	<u>13,202</u>	<u>1,147,779</u>
NET ASSETS AT END OF YEAR	<u>\$ 816,564</u>	<u>\$ 486,273</u>	<u>\$ 25,743</u>	<u>\$ 1,328,580</u>

See accompanying notes.

2014

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
\$ 218,863	\$ 437,710	\$ -	\$ 656,573
-	72,308	-	72,308
395,361	-	-	395,361
3,104	-	1,587	4,691
4,700	-	-	4,700
-	-	-	-
<u>298,981</u>	<u>(298,981)</u>	<u>-</u>	<u>-</u>
<u>921,009</u>	<u>211,037</u>	<u>1,587</u>	<u>1,133,633</u>
680,405	-	-	680,405
42,890	-	-	42,890
175,274	-	-	175,274
<u>898,569</u>	<u>-</u>	<u>-</u>	<u>898,569</u>
22,440	211,037	1,587	235,064
<u>141,791</u>	<u>-</u>	<u>-</u>	<u>141,791</u>
164,231	211,037	1,587	376,855
<u>744,309</u>	<u>15,000</u>	<u>11,615</u>	<u>770,924</u>
<u>\$ 908,540</u>	<u>\$ 226,037</u>	<u>\$ 13,202</u>	<u>\$ 1,147,779</u>

PENNSYLVANIA HOME OF THE SPARROW

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015			Totals
	Program	Supporting Services		
	Services (Housing)	Management and General	Fund-Raising	
FUNCTIONAL EXPENSES				
Employee compensation				
Salaries	\$ 464,790	\$ 33,454	\$ 46,165	\$ 544,409
Employee benefits	31,483	490	4,481	36,454
Payroll taxes	44,518	2,875	4,108	51,501
TOTAL EMPLOYEE COMPENSATION	540,791	36,819	54,754	632,364
Advertising	8,744	-	-	8,744
Depreciation	16,276	-	-	16,276
Dues and subscriptions	1,759	126	175	2,060
Equipment rental	5,315	380	529	6,224
Fund-raising expenses	-	-	130,990	130,990
Insurance	1,759	126	175	2,060
Meeting expenses	1,905	16	542	2,463
Miscellaneous	5,886	269	525	6,680
Occupancy	138,626	2,898	3,942	145,466
Outside services	44,823	2,273	11,147	58,243
Printing and postage	2,911	205	3,140	6,256
Professional fees	6,725	480	670	7,875
Repairs and maintenance	24,008	180	249	24,437
Staff development	682	36	49	767
Supplies	26,471	1,143	8,979	36,593
Telephone	4,901	350	487	5,738
Travel	11,082	30	109	11,221
TOTAL FUNCTIONAL EXPENSES	\$ 842,664	\$ 45,331	\$ 216,462	\$ 1,104,457

See accompanying notes.

2014

Program Services (Housing)	Supporting Services		Totals
	Management and General	Fund-Raising	
\$ 403,493	\$ 31,934	\$ 29,116	\$ 464,543
29,239	585	1,779	31,603
<u>33,372</u>	<u>2,660</u>	<u>5,058</u>	<u>41,090</u>
466,104	35,179	35,953	537,236
9,732	-	-	9,732
17,603	-	-	17,603
-	595	1,090	1,685
3,444	269	250	3,963
-	-	125,016	125,016
1,731	135	126	1,992
4,503	69	-	4,572
3,514	423	278	4,215
105,836	3,163	3,635	112,634
11,871	518	416	12,805
4,062	191	2,152	6,405
6,513	510	472	7,495
6,770	493	-	7,263
684	62	370	1,116
20,485	821	5,088	26,394
5,583	394	366	6,343
<u>11,970</u>	<u>68</u>	<u>62</u>	<u>12,100</u>
<u>\$ 680,405</u>	<u>\$ 42,890</u>	<u>\$ 175,274</u>	<u>\$ 898,569</u>

PENNSYLVANIA HOME OF THE SPARROW

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 180,801	\$ 376,855
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	16,276	17,603
Gain on sale of building	-	(141,791)
Gain (loss) on permanently restricted investments	459	(1,587)
Donated securities sold (received)	42,670	(42,670)
(Increase) decrease in		
Accounts receivable	(81,443)	(11,325)
Prepaid expenses	2,520	1,901
Increase (decrease) in accounts payable and accrued expenses	3,258	(1,425)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>164,541</u>	<u>197,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of building	-	331,908
Cash transferred to permanently restricted endowment fund	(13,000)	-
Purchase of property and equipment	(231,101)	(8,502)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(244,101)</u>	<u>323,406</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(79,560)	520,967
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>844,759</u>	<u>323,792</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 765,199</u>	<u>\$ 844,759</u>

See accompanying notes.

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE A - NATURE OF ACTIVITIES

Pennsylvania Home of the Sparrow (the "Organization") is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of providing housing, supportive services and educational programs for homeless and low income women and their children. The Organization accepts clients from Chester, Delaware, Montgomery, Bucks and Philadelphia Counties in Pennsylvania. Until May 31, 2013, as part of the Organization's highly successful Transitional Housing Program, clients resided in agency-owned residences where they worked with Organization case managers to achieve their goal to become independent and self-sufficient.

Beginning June 1, 2013, the Organization changed its programming to better align with Chester County's Decade to Doorways, a ten-year plan to end homelessness. To that end, the Organization eliminated the Transitional Housing Program, changing it instead to a "bridge housing" approach, with clients living in their own apartments while receiving rental subsidies and intensive case management services in an effort to stabilize the families and their financial responsibilities. Rent subsidies are offered on a sliding scale basis and are gradually reduced as the family becomes more stable. Families may reside in this program for up to one year, after which they may be considered for the Organization's Supportive Housing Program.

The Supportive Housing Program was initiated in November 2008. In addition to Bridge Housing candidates, this program is also open to women who are in jeopardy of losing their housing and could be helped with a modest rent subsidy and supportive services, with a major emphasis on budgeting, for up to one year.

The implementation of this program has enabled the Organization to service more families and help them to achieve independence and self-sufficiency more quickly.

The Organization entered into its 20th year of operation during the previous fiscal year. A special campaign to raise \$500,000 for the expansion of the Supportive Housing Program was undertaken by the Organization's Board of Directors. At June 30, 2015, the Organization raised \$471,973 toward that goal. Subsequent to June 30, 2015, the Organization surpassed their goal of \$500,000. This funding will allow the Organization to serve an additional 20 families in the Supportive Housing Program each year for the next five years, beginning July 1, 2015. These funds are temporarily restricted and will be released from restriction on a monthly basis, as the Organization accepts new families into the Supportive Housing Program.

During May 2014, the Organization received additional funding in the amount of \$23,545 from the Chester County Department of Community Development. The funds were used to assist families who are being evicted from their residences and those who may have had their electric or water utilities turned off. As of June 30, 2015, all of these funds were expended.

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE A - NATURE OF ACTIVITIES (Continued)

The Organization continues to operate its Shared Housing Program, which matches low-income women in need of affordable housing with Chester County homeowners who have a room in their home that they are willing to rent at a reasonable rate. While this program is beneficial to women in a variety of situations, it has been particularly helpful to senior citizens who can no longer afford to live on their own. Additionally, many senior citizens in danger of losing their homes for financial reasons have opened their homes to women seeking housing. The Organization's Program Coordinator matches home seekers and home providers based on applications submitted by both parties. Each participant is subject to a Pennsylvania state police background check and a child abuse clearance, if applicable. This program has been operating from the Organization's administrative office since January 2007.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-225-45, 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.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent grants and contributions received with donor stipulation that limit the use of the donated asset. When a donor restriction is fulfilled, temporarily restricted net assets are transferred to unrestricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets consist of an endowment fund managed by the Chester County Community Foundation. Up to 5% of the investment value at year-end may be used to fund the ongoing future operations of the Organization.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets. Contributions are recorded at fair value, which is net of estimated uncollectible amounts.

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization enjoys a vibrant volunteer program. Its 15-member Board of Directors serve as a governing board, as well as the Organization's principal fund raisers. All board members serve on at least one of the Organization's standing committees, which include governance and nominating, finance and development. All board members contribute to the Organization's annual appeal.

In addition, community volunteers serve on special event committees, complete necessary maintenance and repairs on the Organization's residences, assist clients with childcare and transportation and perform clerical tasks in the administrative office.

As part of the Organization's volunteer program, local community members, service clubs, church groups and corporations, as well as Boy Scouts working toward their Eagle Awards and Girl Scouts working toward their Silver and Gold Awards, complete maintenance, repair and landscaping projects at the Organization's two residences. In many cases, these individuals and groups donate funds to offset the cost of these projects. Funds received from these sources are recorded as unrestricted contributions.

Accounting standards require that only volunteer services that (1) create or enforce long-lived assets or (2) require specialized skills provided by individuals possessing skills that would typically need to be purchased if not donated must be recorded. The value of these services does not meet these requirements.

Management estimates that approximately 7,500 and 13,000 hours have been contributed in 2015 and 2014, respectively.

Property and Equipment

Property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and building improvements	30-39
Equipment and fixtures	3-7

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500.

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services. Housing and education program costs include utilities, supplies, rent expenses and education expenses to provide a support network and family services. Fund-raising expenses are costs related to campaigns, development and other fund-raising efforts. Management and general expenses are costs directly related to the overall operation of the Organization, which are not associated with program or fund-raising services. Certain management and general expenses, such as payroll, employee benefits and payroll taxes, are allocated to program and fund-raising based on the employees' use of their time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers cash in operating bank accounts, cash on hand and all highly liquid securities purchased with an original maturity of three months or less to be cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values (Level 1 input) are carried at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Income Taxes and Uncertain Tax Positions

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

The Organization takes the position that it has no net income derived from unrelated business activities and believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2011, 2012 and 2013 is subject to examination by the IRS, generally for three years after the tax returns were filed.

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Organization expenses advertising costs as they are incurred. Total advertising costs for the years ended June 30, 2015 and 2014, were \$8,744 and \$9,732, respectively.

Date of Management's Review

Management has evaluated subsequent events through November 5, 2015, the date which the financial statements were available to be issued.

NOTE C - INVESTMENTS

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. *Level 2* inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. *Level 3* inputs are unobservable inputs based on the assumptions used to measure assets and liabilities at fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets of the Organization for which fair values are determined on a recurring basis are summarized as follows:

	<u>2015</u>	<u>2014</u>
Stocks (Level 1)	\$ -	\$ 42,669
Beneficial interest in perpetual trust (Level 3)	<u>25,743</u>	<u>13,202</u>
	<u>\$ 25,743</u>	<u>\$ 55,871</u>

PENNSYLVANIA HOME OF THE SPARROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE C - INVESTMENTS (Continued)

Investment income consists of the following:

	<u>2015</u>	<u>2014</u>
UNRESTRICTED		
Interest and dividends	\$ 1,205	\$ 409
Realized gain (loss) on sale of investments	<u>(138)</u>	<u>2,695</u>
	<u>\$ 1,067</u>	<u>\$ 3,104</u>
PERMANENTLY RESTRICTED		
Interest and dividends	\$ 521	\$ 270
Unrealized gain (loss) on investments	(1,367)	946
Realized gain on sale of investments	606	573
Management fees	<u>(219)</u>	<u>(202)</u>
	<u>\$ (459)</u>	<u>\$ 1,587</u>

The Organization received donated securities in the amount of \$69,110 and \$223,238 for the years ended June 30, 2015 and 2014, respectively. The securities were recorded at fair market value based on Level 1 quoted market prices. Subsequently, and in accordance with board policy, all investments held by the Organization were sold. There are no Level 2 assets included in the total investment assets at June 30, 2015.

The beneficial interest in perpetual trust is valued at the fair value of the assets in the trust at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different value measurement at the reporting date.

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE C - INVESTMENTS (Continued)

Beneficial Interest in Perpetual Trust

The beneficial interest in perpetual trust consists of the Organization's investment in a permanent designated fund managed by the Chester County Community Foundation (the "Foundation"). The Foundation has sole discretion over the ability to retain, invest and reinvest the funds and the power to commingle the endowed assets with those of other funds for investment purposes. At the end of each fiscal year, 5% of the trust's value can be distributed and used for the purpose of supporting the nonprofit operating, program and capital needs of the Organization. The distributable amount of trust assets at June 30, 2015, is \$1,288. The Organization makes appropriations from the trust up to the distributable amount as deemed necessary. The Organization considers the market rate of return and the amount of available funds in the trust when determining its annual spending. No appropriations have been made as of June 30, 2015.

Changes in the beneficial interest in perpetual trust as of June 30, 2015, are as follows:

BALANCE AT BEGINNING OF YEAR	\$	13,202
Cash transferred to permanently restricted endowment fund		13,000
Investment loss		<u>(459)</u>
 BALANCE AT END OF YEAR	\$	<u><u>25,743</u></u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 30,000	\$ 15,000
Buildings and building improvements	559,806	345,806
Equipment and fixtures	<u>100,465</u>	<u>98,365</u>
	690,271	459,171
Accumulated depreciation	<u>(274,212)</u>	<u>(257,936)</u>
	<u>\$ 416,059</u>	<u>\$ 201,235</u>

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE D - PROPERTY AND EQUIPMENT (Continued)

A summary of property and equipment by location is as follows:

	2015			2014		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
REAL ESTATE						
West Chester, Pennsylvania						
Land	\$ 15,000	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
Building	271,579	(164,915)	106,664	271,579	(156,011)	115,568
Building improvements	74,227	(17,033)	57,194	74,227	(15,131)	59,096
Coatesville, Pennsylvania						
Land	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -	\$ -
Building	210,000	(449)	209,551	-	-	-
Building improvements	4,000	(4)	3,996	-	-	-
TOTAL REAL ESTATE	589,806	(182,401)	407,405	360,806	(171,142)	189,664
EQUIPMENT AND FIXTURES	100,465	(91,811)	8,654	98,365	(86,794)	11,571
	<u>\$ 690,271</u>	<u>\$ (274,212)</u>	<u>\$ 416,059</u>	<u>\$ 459,171</u>	<u>\$ (257,936)</u>	<u>\$ 201,235</u>

NOTE E - LINE OF CREDIT

In December 2002, the Organization received a \$65,000 line of credit from a bank with interest at the bank's prime rate plus 1/2% (3.75% at June 30, 2015 and 2014). The line of credit is collateralized by real estate owned by the Organization and expires December 5, 2015. No borrowings occurred in the years ended June 30, 2015 and 2014. There was no balance on the line of credit at June 30, 2015 or 2014.

NOTE F - LEASE COMMITMENTS

Operating Leases

The Organization signed a noncancelable operating lease agreement renewal effective January 1, 2013, for a term of five years. Required monthly payments under the renewal are \$2,500 effective January 1, 2013, \$2,600 effective January 1, 2015, \$2,750 effective January 1, 2016, and \$2,900 effective January 1, 2017.

PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE F - LEASE COMMITMENTS (Continued)

The Organization signed an operating lease agreement effective May 1, 2015, for a term of two years. Required monthly payments under the lease are \$2,300.

In July 2013, the Organization entered into a 36-month operating lease for a new photocopier. The lease requires monthly payments of \$265 per month.

Rent expense for 2015 and 2014 for all operating leases was \$39,450 and \$33,999, respectively.

Future minimum rental payments under operating leases are as follows:

Year Ending June 30,	
2016	\$ 62,880
2017	54,600
2018	<u>17,400</u>
	<u>\$ 134,880</u>

NOTE G - CONCENTRATIONS OF CREDIT RISK

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Organization's deposits may not be returned to it. Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest-bearing accounts and noninterest-bearing accounts. The Organization's money market account is covered under the Securities Investor Protection Corporation (SIPC) in the amount of \$250,000.

As of June 30, 2015, \$97,738 of the Organization's bank balance of \$826,683 was exposed to custodial credit risk.

NOTE H - BOARD-DESIGNATED NET ASSETS

The Board of Directors approved the designation of the following amount at June 30, 2015:

Board designated for Homeless Prevention Programs	\$ <u>33,000</u>
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PENNSYLVANIA HOME OF THE SPARROW

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent assets whose use by the Organization is subject to grantor- or donor-imposed restrictions that can be fulfilled through the actions of the Organization or by the passage of time. Temporarily restricted net assets at June 30, 2015 and 2014, consist of grants and donations received but not yet spent for their intended purpose as follows:

	<u>2015</u>	<u>2014</u>
20th anniversary fund	\$ 471,973	\$ 226,037
Strategic plan	<u>14,300</u>	<u>-</u>
	<u>\$ 486,273</u>	<u>\$ 226,037</u>