

OUR HOUSE, INC.

**AUDITED FINANCIAL STATEMENTS
Together with
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015 AND 2014

OUR HOUSE, INC.
AUDIT REPORT
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JUNE 30, 2015 AND 2014

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February 18, 2016

INDEPENDENT AUDITOR'S REPORT

To the Management
and Board of Directors of
Our House, Inc.

We have audited the accompanying financial statements of Our House, Inc. (a nonprofit organization), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 Our House, Inc. 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.

Long & Company, P.C.
Long & Company, P.C.
Certified Public Accountants

OUR HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

ASSETS	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 1,704,420	\$ 2,013,215
Investments	310,760	335,019
Grant funds receivable	192,583	85,724
Contributions receivable - net	264,472	209,400
Other receivables	6,870	6,490
Prepaid expenses	<u>39,579</u>	<u>11,391</u>
Total Current Assets	<u>2,518,684</u>	<u>2,661,239</u>
Property and equipment - net	<u>2,256,977</u>	<u>1,159,707</u>
Other Assets:		
Investments restricted for endowment purposes	<u>425,000</u>	<u>425,000</u>
Total Other Assets	<u>425,000</u>	<u>425,000</u>
TOTAL ASSETS	<u>\$ 5,200,661</u>	<u>\$ 4,245,946</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 81,466	\$ 16,454
Accrued payroll	79,504	47,287
Accrued vacation	38,867	-
Refundable advances	<u>10,861</u>	<u>4,529</u>
Total Liabilities	<u>210,698</u>	<u>68,270</u>
Net Assets		
Unrestricted		
Board designated	160,699	160,699
Undesignated	2,893,293	1,807,368
Temporarily restricted	1,510,971	1,784,609
Permanently restricted	<u>425,000</u>	<u>425,000</u>
Total Net Assets	<u>4,989,963</u>	<u>4,177,676</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,200,661</u>	<u>\$ 4,245,946</u>

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

REVENUE, GAINS, AND OTHER SUPPORT	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	\$ 1,257,521	\$ 792,374	\$ -	\$ 2,049,895
Government grants	594,778	-	-	594,778
Daycare services	44,617	-	-	44,617
Special events (net of costs of direct benefit to donors of \$54,995)	63,158	-	-	63,158
Investment return	5,218	6,845	-	12,063
Other income	4,335	-	-	4,335
Net assets released from restrictions: Satisfaction of program restrictions	1,139,705	(1,139,705)	-	-
Total Revenues, Gains and Other Support	3,109,332	(340,486)	-	2,768,846
EXPENSES				
Operating Expenses				
Program services	2,414,419	-	-	2,414,419
Supporting services				
Management and general	173,525	-	-	173,525
Fundraising	257,820	-	-	257,820
Total Operating Expenses	2,845,764	-	-	2,845,764
Change in Net Assets from Operating Activities	263,568	(340,486)	-	(76,918)
Non-operating Expenses				
Costs related to merger	280,670	-	-	280,670
Other Changes in Net Assets				
Net assets received in merger	1,103,027	66,848	-	1,169,875
Change in Net Assets	1,085,925	(273,638)	-	812,287
NET ASSETS AT BEGINNING OF YEAR	1,968,067	1,784,609	425,000	4,177,676
NET ASSETS AT END OF YEAR	\$ 3,053,992	\$ 1,510,971	\$ 425,000	\$ 4,989,963

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

REVENUE, GAINS, AND OTHER SUPPORT	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	\$ 786,626	\$ 1,622,752	\$ 75,000	\$ 2,484,378
Government grants	499,024	-	-	499,024
Daycare services	27,899	-	-	27,899
Special events (net of costs of direct benefit to donors of \$43,238)	122,462	-	-	122,462
Investment return	24,196	79,446	-	103,642
Other income	1,238	-	-	1,238
Net assets released from restrictions: Satisfaction of program restrictions	77,737	(77,737)	-	-
Total Revenues, Gains and Other Support	1,539,182	1,624,461	75,000	3,238,643
 <u>EXPENSES</u>				
Program services	1,081,093	-	-	1,081,093
Supporting services				
Management and general	98,583	-	-	98,583
Fundraising	251,513	-	-	251,513
Total Expenses	1,431,189	-	-	1,431,189
Change in Net Assets from Operating Activities	107,993	1,624,461	75,000	1,807,454
Non-operating Expenses				
Costs related to merger	127,575	-	-	127,575
Change in Net Assets	(19,582)	1,624,461	75,000	1,679,879
NET ASSETS AT BEGINNING OF YEAR	1,987,649	160,148	350,000	2,497,797
NET ASSETS AT END OF YEAR	\$ 1,968,067	\$ 1,784,609	\$ 425,000	\$ 4,177,676

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Program Services		Supporting Services				Total Expenses	
			Management and General		Fundraising			
	2015	2014	2015	2014	2015	2014	2015	2014
Salaries	\$ 1,199,061	\$ 577,309	\$ 36,707	\$ 42,318	\$ 176,909	\$ 188,903	\$ 1,412,677	\$ 808,530
Parent Intern Stipends	69,128	80,007	-	-	-	-	69,128	80,007
Fringe Benefits	256,037	114,734	22,586	8,103	37,727	36,172	316,350	159,009
Total	1,524,226	772,050	59,293	50,421	214,636	225,075	1,798,155	1,047,546
Bad Debts	-	-	21,278	-	-	-	21,278	-
Consulting	19,624	11,949	3,269	2,299	5,895	1,452	28,788	15,700
Contract Labor	71,114	21,753	905	1,715	-	-	72,019	23,468
Depreciation	69,565	49,836	6,387	5,676	2,543	1,746	78,495	57,258
Family Assistance	73,946	10,071	-	-	-	-	73,946	10,071
Food Costs	127,830	47,697	-	-	-	-	127,830	47,697
Insurance	29,050	10,674	4,277	3,028	4,397	514	37,724	14,216
Occupancy	236,243	38,881	11,671	3,397	8,062	3,547	255,976	45,825
Postage	2,066	1,171	372	224	150	1,398	2,588	2,793
Printing	4,323	1,094	1,623	66	399	4,185	6,345	5,345
Professional Fees	-	-	38,871	25,687	-	-	38,871	25,687
Repairs and Maintenance	71,307	13,646	3,131	1,973	1,679	607	76,117	16,226
Staff Training	16,806	14,931	338	185	63	443	17,207	15,559
Supplies	139,616	66,099	6,856	1,684	12,772	5,144	159,244	72,927
Telephone	9,437	3,379	713	220	470	981	10,620	4,580
Transportation	2,593	2,549	-	-	-	-	2,593	2,549
Travel	2,925	4,193	1,600	76	58	286	4,583	4,555
Other	13,748	11,120	12,941	1,932	6,696	6,135	33,385	19,187
TOTAL EXPENSES	\$ 2,414,419	\$ 1,081,093	\$ 173,525	\$ 98,583	\$ 257,820	\$ 251,513	\$ 2,845,764	\$ 1,431,189

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

	2015	2014
Change in Net Assets	\$ 812,287	\$ 1,679,879
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (used) by Operating Activities:		
Depreciation	78,496	57,258
Provision for uncollectible promises to give	8,318	2,813
Realized (gain) loss on investments	(412)	85
Unrealized (Gain) loss investments	21,234	(73,903)
Donations of stock	(5,163)	(10,850)
Costs related to merger	280,670	127,575
Contributions restricted for endowment	-	(75,000)
Net assets received in merger (see supplemental disclosure below)	(1,169,875)	-
(Increase) decrease in operating assets:		
Grant funds receivable	(106,859)	(63,253)
Contributions receivable	(63,390)	(117,806)
Other receivables	(380)	(4,559)
Prepaid expenses	(28,188)	7,648
Increase (decrease) in operating liabilities		
Accounts payable	65,012	(1,585)
Accrued payroll	32,217	14,706
Accrued vacation	38,867	-
Grant funds received in advance	6,332	4,529
Net Cash Provided by Operating Activities	<u>(30,834)</u>	<u>1,547,537</u>
Cash Flows from Investing Activities		
Costs related to merger	(280,670)	(127,575)
Net assets received in merger (see supplemental disclosure below)	186,542	-
Purchase of property and equipment	(192,433)	(1,494)
Proceeds from sales of investments	45,629	69,375
Purchase of investments	<u>(37,029)</u>	<u>(95,004)</u>
Net Cash (Used) by Investing Activities	<u>(277,961)</u>	<u>(154,698)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(308,795)	1,392,839
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,013,215</u>	<u>620,376</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,704,420</u>	<u>\$ 2,013,215</u>
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Total net assets received in merger	\$ 1,169,875	\$ -
Less: Cash & other current net assets received	<u>(186,542)</u>	<u>-</u>
Building and land received in acquisition of Genesis Shelter, Inc.	<u>\$ 983,333</u>	<u>\$ -</u>

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Our House, Inc. is a private, nonprofit organization incorporated in the State of Georgia. The Organization operates a day shelter and school for homeless children and a temporary shelter for homeless newborns and their families in the Atlanta area. Its purpose is to provide a safe environment for homeless children and to assist homeless parents in obtaining employment and affordable housing. The Organization is financed primarily by federal and state grants and private donations.

Financial Statement Presentation

Our House, Inc. presents its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles, under which the Organization reports 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) based upon the existence or absence of donor-imposed restrictions.

Estimates

Preparation of financial statements in accordance 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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Promises to Give and Contributions

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless 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 support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the support is recognized.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Assets and Services

Contributions of marketable securities and other non-cash items and donated use of facilities are recorded at their fair market values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Grant Revenue

The Organization receives its grant revenue from federal, state, and local government agencies. Federal, state and local government grants are considered to be exchange transactions. Our House, Inc. recognizes grant revenue to the extent of related expenses incurred in compliance with the grant provisions. Grant funds received which are unexpended at year end are reported on the statement of financial position as grant funds received in advance.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair market value at the date of donation. The building and land acquired through the merger acquisition of Genesis Shelter, Inc. were recorded at fair market value. Depreciation of property is computed on a straight-line basis over the estimated service lives of the assets. The following lives have been assigned to the capitalized assets:

Buildings	40 years
Building Improvements	40 years
Leasehold Improvements	10-32 years
Vehicles	5 years
Playground Equipment	10 years
Furniture and Equipment	5-7 years

Donations of fixed assets are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long the long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are acquired or placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax-Exempt Status

Our House, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. Our House, Inc. is not classified as a private foundation.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2015 and 2014.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used in the methodology to measure fair value:

- **Level 1** – quoted prices (unadjusted) in active markets that are accessible at the measurement date for the assets or liabilities;
- **Level 2** – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- **Level 3** – unobservable inputs are used when little or no market data is available

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization has the following financial instruments to which it had to consider fair values and had to make fair value assessments:

- Investments in common stock and mutual funds for which the fair values are measured as a level 1 instrument.

Subsequent Events Date of Review

Management has evaluated subsequent events through February 18, 2016, which was the date the financial statements were available to be issued.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 2 - INVESTMENTS

Investments consisted of the following as of June 30, 2015 and 2014:

	2015	2014
Money Market Funds	\$ 389,983	\$ 390,518
Certificates of Deposit	599,279	1,195,069
Corporate Stocks Mutual Funds	<u>735,760</u>	<u>760,019</u>
	\$ 1,725,022	\$ 2,345,606
Less amount classified as cash and cash equivalents	<u>989,262</u>	<u>1,585,587</u>
Total Investments	<u>\$ 735,760</u>	<u>\$ 760,019</u>
Classified on statement of financial position:		
Current	\$ 310,760	\$ 335,019
Non-Current	<u>425,000</u>	<u>425,000</u>
Total	<u>\$ 735,760</u>	<u>\$ 760,019</u>
Investment return is summarized as follows:		
Interest and dividends	\$ 32,885	\$ 29,824
Realized losses on investments	412	(85)
Net unrealized gains (losses) on investments	<u>(21,234)</u>	<u>73,903</u>
Total	<u>\$ 12,063</u>	<u>\$ 103,642</u>

Investment return is reported net of investment fees of \$6,504 for the year ended June 30, 2015 and \$5,641 for the year ended June 30, 2014.

Note 3 - GRANT FUNDS RECEIVABLE

Grant funds receivable consists of the following as of June 30, 2015 and 2014:

	2015	2014
City of Atlanta CDBG	\$ 35,000	\$ -
DeKalb County	2,000	2,000
DeKalb County - CDBG	17,130	4,612
Fulton County	33,000	23,923
Georgia CAPS	606	147
Georgia Department of Community Affairs	13,301	3,979
Partnership for Community Action, Inc.	49,501	31,758
U.S. Department of Housing and Urban Development	<u>42,045</u>	<u>19,305</u>
Total	<u>\$ 192,583</u>	<u>\$ 85,724</u>

Grant funds receivable are considered fully collectible and all due within one year.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable reported in the statements of financial position represent unconditional promises to give and are classified as follows for the years ended June 30, 2015 and 2014:

	2015	2014
Unrestricted	\$ 24,402	\$ 79,013
Temporarily restricted	<u>251,200</u>	<u>133,200</u>
Total	<u>\$ 275,602</u>	<u>\$ 212,213</u>
Receivable in less than one year	<u>\$ 275,602</u>	<u>\$ 212,213</u>
Total unconditional promises to give	275,602	212,213
Less allowance for uncollectible promises to give	<u>(11,130)</u>	<u>(2,813)</u>
	<u>\$ 264,472</u>	<u>\$ 209,400</u>

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2015 and 2014:

	2015	2014
Buildings	\$ 780,000	\$ -
Land	203,333	-
Building Improvements	175,048	-
Leasehold Improvements	1,376,312	1,376,312
Vehicles	65,561	65,561
Playground Equipment	51,387	51,387
Equipment & Furniture	<u>40,173</u>	<u>22,787</u>
Total Property and Equipment	2,691,814	1,516,047
Less: Accumulated Depreciation	<u>434,837</u>	<u>356,340</u>
Property and Equipment -Net	<u>\$ 2,256,977</u>	<u>\$ 1,159,707</u>
Depreciation Expense	<u>\$ 78,496</u>	<u>\$ 57,258</u>

Building renovations and improvements for Decatur are reported in the financial statements as leasehold improvements because Our House, Inc. leases the building and land from a church. The lease calls for no rent payments and expires in 2040.

The Organization acquired a one-third interest in a building as part of the merger acquisition of Genesis Shelter, Inc. Our House, Inc. leases the remaining two-thirds interest in its building from The Community Foundation for Greater Atlanta, Inc. The lease agreement was entered into in December 2002 by Genesis Shelter, Inc. and provides for a lease term of 99 years with a lease payment of \$1 per year.

Donated rental revenue and an equal amount of rent expense for both of these properties are recorded in the statement of activities as discussed in Note 7.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6 - NET ASSETS

Designation of Unrestricted Net Assets

The Board of Directors has chosen to designate unrestricted net assets for the following purposes as of June 30, 2015 and 2014:

	2015	2014
Designated for Endowment Purposes	<u>\$ 160,699</u>	<u>\$ 160,699</u>

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2015 and 2014:

	2015	2014
Building Maintenance	\$ 19,625	\$ -
Family services	-	5,747
Fee Assistance to Students	-	247,500
Health Services	-	25,000
Merger Costs	1,041,109	1,237,463
Time Restricted	100,000	-
Scholarship Funds	5,140	5,140
Teacher Salaries and Benefits	204,535	107,042
Unappropriated Endowment Earnings	<u>140,562</u>	<u>156,717</u>
 Total	 <u>\$ 1,510,971</u>	 <u>\$ 1,784,609</u>

Note 7 – DONATED FACILITIES, GOODS AND SERVICES

The Organization received donated services, non-cash items and donated use of facilities. Included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2015, and 2014, are as follows:

	2015	2014
Contributed space	\$ 144,840	\$ 11,500
Contributed Services	996	28,000
Contributed goods	77,582	25,000
Contributed meals	<u>92,000</u>	<u>34,000</u>
	<u>\$ 315,418</u>	<u>\$ 98,500</u>

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 8 – ENDOWMENT FUNDS AND PERMANENTLY RESTRICTED NET ASSETS

The Organization maintains 3 endowment funds which include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Our House, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Our House, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return. The targeted annualized return objective is 3% plus inflation, net of all expenses. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 8 – ENDOWMENT FUNDS (Continued)

Endowments are to support the Organization's general operations. Endowment net asset composition by type of fund as of June 30, 2015 and 2014 is as follows:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 140,562	\$ 425,000	\$ 565,562
Board-designated endowment funds	160,699	-	-	160,699
	<u>\$ 160,699</u>	<u>\$ 140,562</u>	<u>\$ 425,000</u>	<u>\$ 726,261</u>

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 156,717	\$ 425,000	\$ 581,717
Board-designated endowment funds	160,699	-	-	160,699
	<u>\$ 160,699</u>	<u>\$ 156,717</u>	<u>\$ 425,000</u>	<u>\$ 742,416</u>

Changes in endowment net assets as of June 30, 2015 and 2014 are as follows:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning	\$ 160,699	\$ 156,717	\$ 425,000	\$ 742,416
Contributions	-	-	-	-
Investment Return:				
Interest and dividends	-	23,344	-	23,344
Unrealized gains (losses)	-	(16,499)	-	(16,499)
Amount appropriated for expenditure	-	(23,000)	-	(23,000)
	<u>\$ 160,699</u>	<u>\$ 140,562</u>	<u>\$ 425,000</u>	<u>\$ 726,261</u>

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning	\$ 160,699	\$ 97,271	\$ 350,000	\$ 607,970
Contributions	-	-	75,000	75,000
Investment Return:				
Interest and dividends	-	21,222	\$ -	21,222
Unrealized gains (losses)	-	58,224	\$ -	58,224
Amount appropriated for expenditure	-	(20,000)	-	(20,000)
	<u>\$ 160,699</u>	<u>\$ 156,717</u>	<u>\$ 425,000</u>	<u>\$ 742,416</u>

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 8 – ENDOWMENT FUNDS (Continued)

Beneficial Interests

In 2008, the Organization received a permanent endowment in the amount of \$100,000 from a donor for operational support. The endowment was paid directly to the Community Foundation for Greater Atlanta (“the Foundation”) to be held in perpetuity in the name of Our House, Inc. and administered by the Foundation .

Genesis Shelter, Inc. received a donation in 2004 in the amount of \$500,000 to establish a permanent endowment fund with the Foundation to help fund facilities repairs and maintenance for the Atlanta location. The beneficial interests in this endowment fund were transferred to Our House, Inc. on July 1, 2014 as part of the merger acquisition of Genesis Shelter, Inc.

The Organization has a beneficial interest in the endowment funds. Since the Foundation retains variance power, the beneficial interests are not recorded on the books of Our House, Inc.

The Organization will receive distributions from the fund based on a spending policy determined by the Foundation’s Board of Directors. Distributions from the fund will be reported in the temporarily restricted net asset class. The restrictions will be released when the funds are appropriated for expenditure.

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 109,434	\$ 98,501
Contribution (acquisition of Genesis Shelter, Inc)	595,457	-
Investment return	27,711	15,433
Distributions	<u>(30,290)</u>	<u>(4,500)</u>
Balance, end of year	<u>\$ 702,312</u>	<u>\$ 109,434</u>

Note 9 - CONCENTRATION OF CREDIT RISK -DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash deposits with various financial institutions. At times, the balances in these accounts may be in excess of federally insured limits established by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). Cash and cash equivalents also include accounts at an investment brokerage company. Cash and cash equivalents at the brokerage company includes money market mutual funds, which are not insured by the FDIC, NCUA, or otherwise guaranteed by the U.S. Government. The Organization’s cash and cash equivalents in excess of FDIC and NCUA coverage was approximately \$566,533 and \$390,518 at June 30, 2015 and 2014, respectively.

Note 10 - RETIREMENT PLAN

Our House, Inc. adopted a Savings Incentive Match Plan (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers all employees with at least \$5,000 in total compensation for a calendar year. The plan began on July 1, 1999. The Organization matches employee contributions up to 3% of gross salaries. Employees may make contributions to the plan up to a maximum allowed by the Internal Revenue Code if they wish. Employer contributions to the plan for the years ended June 30, 2015 and 2014 were \$6,494 and \$6,484, respectively.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 11 – FAIR VALUE MEASUREMENTS

Fair values of assets and liabilities measured on a recurring basis at June 30, 2015 are as follows:

	2015			
	Fair Value	Level 1	Level 2	Level 3
Corporate Common Stock & Mutual Funds	\$ 735,760	\$ 735,760	\$ -	\$ -
	<u>\$ 735,760</u>	<u>\$ 735,760</u>	<u>\$ -</u>	<u>\$ -</u>
	2014			
	Fair Value	Level 1	Level 2	Level 3
Corporate Common Stock & Mutual Funds	\$ 760,019	\$ 760,019	\$ -	\$ -
	<u>\$ 760,019</u>	<u>\$ 760,019</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Cash and receivables approximate fair value due to the short maturity of those balances. The Organization has no other assets or liabilities measured at fair value on a recurring basis.

Note 12 - COMMITMENTS AND CONTINGENCIES

Grant Commitments

Federal awards require the fulfillment of certain conditions as set forth in the contracts. Failure to fulfill the conditions could result in the return of funds to grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely since, upon accepting the grants, the Organization has agreed to comply with the provisions thereof.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 13 - MERGER

In February 2014, Our House, Inc. entered into a merger agreement with Genesis Shelter, Inc., a Georgia nonprofit organization with a similar mission. In accordance with the agreement, Genesis Shelter, Inc. merged into Our House, Inc., the surviving entity, effective July 1, 2014. Our House, Inc. assumed all property, liabilities and obligations of Genesis Shelter, Inc. on the effective date. The transaction will be accounted for as an acquisition. Assets acquired and liabilities assumed were recorded at fair value.

The following summarizes the assets acquired and liabilities assumed and recorded in the financial statements at the July 1, 2014 acquisition date:

Recognized amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 216,329
Grants receivable	7,213
Other financial assets	3,378
Building and land (one-third interest)	983,333
Accounts payable	(12,953)
Accrued expenses	<u>(27,425)</u>
Contribution Received	<u>\$ 1,169,875</u>

Net Asset Classification

Unrestricted	\$ 1,103,027
Temporarily restricted	<u>66,848</u>
Total	<u>\$ 1,169,875</u>

The building and land acquired represents Genesis Shelter, Inc.'s one-third interest in a building owned with the Community Foundation for Greater Atlanta, Inc. The remaining two-thirds is leased by Our House, Inc. The lease agreement was entered into in December 2002 and provides for a lease term of 99 years with a lease payment of \$1 per year.

No consideration was transferred by Our House, Inc. as part of the acquisition. The resulting contribution amount is due primarily to the transfer of the building and land to Our House, Inc. and the benefits that Our House, Inc. will be able to provide the constituents of Genesis Shelter, Inc.

OUR HOUSE, INC.

SUPPLEMENTAL INFORMATION

JUNE 30, 2015



February 18, 2016

INDEPENDENT AUDITOR'S
REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors of
Our House, Inc.

We have audited the financial statements of Our House, Inc. as of and for the year ended June 30, 2015, and have issued our report thereon dated February 18, 2016, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of state contractual assistance is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Long & Company, P.C.
Long & Company, P.C.
Certified Public Accountants

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OUR HOUSE, INC.

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2015

Grantor/Program Name	CFDA No.	Contract Period	Grant Amount	Revenue Recognized 6/30/2014	Amount Due from State	Amount Due to State
U.S. Department of Housing & Urban Development Passed through State of Georgia Department of Community Affairs Emergency Shelter Grant Contract #14C080	14.231	7/1/14-6/30/15	\$ 30,000	\$ 30,000	\$ 8,723	\$ -
Georgia Housing and Finance Authority Supportive Services Project #14C152	NA	7/1/14-6/30/15	40,000	40,000	4,578	-
State of Georgia Department of Early Care and Learning						
Georgia Pre-K	NA	7/1/14-6/30/15	69,764	68,717	-	-
Summer Transition Program	NA	7/1/14-6/30/15	24,000	23,980	-	-
				92,697	-	-
Total State Contractual Assistance				\$ 162,697	\$ 13,301	\$ -