peace house℠

EMPOWER EDUCATE SHELTER SUPPORT

Independent Auditors' Report and Financial Statements

June 30, 2013

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Stayner Bates & Jensen P.C.
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Peace House, Inc.
Park City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Peace House, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 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 organization'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 organization'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peace House, Inc. as of June 30, 2013, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Stayner, Bates & Jensen, P.C.

Stayner, Bates & Jensen, PC
Salt Lake City, Utah
October 28, 2013

PEACE HOUSE, INC.
Statement of Financial Position
June 30, 2013

ASSETS

CURRENT ASSETS	
Cash and cash equivalents (Note 1)	$ 368,230
Grants and other receivables (Notes 1 and 2)	26,800
Prepaid expenses and other	4,725
Total Current Assets	399,755
PROPERTY AND EQUIPMENT (Note 1)	
Shelter and improvements	135,147
Furniture and equipment	63,474
Other building improvements	9,055
Accumulated depreciation	(100,109)
Total Property and Equipment	107,567
TOTAL ASSETS	$ 507,322

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 28,646
Deferred special event revenue (Note 1)	5,000
Current portion - note payable (Note 3)	1,509
Total Current Liabilities	35,155
LONG-TERM LIABILITIES	
Note payable (Note 3)	81,474
Total Liabilities	116,629
COMMITMENTS AND CONTINGENCIES (Note 4)	
NET ASSETS	
Unrestricted	390,693
Total Net Assets	390,693
TOTAL LIABILITIES AND NET ASSETS	$ 507,322

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

PEACE HOUSE, INC.
Statement of Activities
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	2013 Total
PUBLIC SUPPORT AND REVENUE			
Grants and contracts (Note 2)	$ -	$ 338,758	$ 338,758
Contributions	184,284	-	184,284
Shelter maintenance contribution (Note 1)	4,200	-	4,200
Donated goods, facilities, and services	34,812	-	34,812
Special event revenue	57,158	-	57,158
Interest and dividend income	628	-	628
	281,082	338,758	619,840
Net assets released from restrictions	338,758	(338,758)	-
Total Public Support and Revenue	619,840	-	619,840
OPERATING EXPENSES			
Program Services:			
Volunteer	55,327	-	55,327
Education	52,036	-	52,036
Shelter	358,234	-	358,234
Outreach	89,384	-	89,384
Total Program Services	554,981	-	554,981
Supporting Services:			
Management and general	48,666	-	48,666
Fundraising	38,361	-	38,361
Total Supporting Services	87,027	-	87,027
Total Operating Expenses	642,008	-	642,008
Change in Net Assets	(22,168)	-	(22,168)
Net Assets at Beginning of Year	412,861	-	412,861
Net Assets at End of Year	$ 390,693	$ -	$ 390,693

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

PEACE HOUSE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2013

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Volunteer	Education	Shelter	Outreach	Total Program	Management and General	Fund Raising	Total Support	Total Expenses
Salaries	$ 38,784	$ 42,191	$ 208,449	$ 60,380	$ 349,804	$ 25,503	$ 26,289	$ 51,792	$ 401,596
Payroll taxes	2,896	3,165	15,699	4,551	26,311	1,918	1,952	3,870	30,181
Benefits	1,763	1,318	22,583	5,498	31,162	3,835	2,014	5,849	37,011
Workers Compensation	277	549	1,699	465	2,990	243	249	492	3,482
Payroll fees	295	321	1,584	459	2,659	194	200	394	3,053
Bank & credit card fees	-	-	1	-	1	1,074	-	1,074	1,075
Client assistance & needs	-	-	1,628	15	1,643	-	-	-	1,643
Equipment lease	760	264	264	1,156	2,444	686	972	1,658	4,102
Facility rent	5,940	1,976	2,081	9,528	19,525	4,203	2,705	6,908	26,433
Food & household	-	63	38,994	335	39,392	-	-	-	39,392
Furniture & fixtures	-	-	6,486	106	6,592	-	-	-	6,592
Insurance	791	-	4,363	-	5,154	603	-	603	5,757
Interest	-	-	5,201	-	5,201	-	-	-	5,201
Internet/ Computer	888	551	764	623	2,826	2,231	148	2,379	5,205
Licenses/ Dues	26	7	639	84	756	179	183	362	1,118
Maintenance	-	55	7,842	252	8,149	116	76	192	8,341
Miscellaneous	164	(32)	249	36	417	-	-	-	417
Office supplies	295	-	597	48	940	896	198	1,094	2,034
Postage & delivery	11	-	36	3	50	391	781	1,172	1,222
Printing & reproduction	133	451	465	160	1,209	111	149	260	1,469
Program supplies	89	-	492	1,134	1,715	-	-	-	1,715
Professional fees	477	420	3,340	929	5,166	4,015	426	4,441	9,607
Security	-	-	372	-	372	-	-	-	372
Services	-	-	6,852	-	6,852	745	-	745	7,597
Staff development	94	90	1,574	90	1,848	91	117	208	2,056
Telephone/ Utilities	497	165	14,587	1,507	16,756	1,312	301	1,613	18,369
Travel & auto	179	463	1,861	1,868	4,371	38	87	125	4,496
Volunteer expenses	938	19	186	-	1,143	-	-	-	1,143
Other fundraising costs	-	-	-	-	-	252	1,484	1,736	1,736
Total Functional Expenses	55,297	52,036	348,888	89,227	545,448	48,636	38,331	86,967	632,415
Depreciation	30	-	9,346	157	9,533	30	30	60	9,593
Total Expenses	$ 55,327	$ 52,036	$ 358,234	$ 89,384	$ 554,981	$ 48,666	$ 38,361	$ 87,027	$ 642,008

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

PEACE HOUSE, INC.
Statement of Cash Flows
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(22,168)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		9,593
Amortization of note payable discount		5,201
(Increase) decrease in operating assets:		
Grants and other receivables		(1,495)
Prepaid expenses and other assets		2,192
Increase in operating liabilities:		
Accounts payable and accrued expenses		1,986
Net Cash Used by Operating Activities		(4,691)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets		(9,792)
Net Cash Used by Investing Activities		(9,792)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable		(6,620)
Net Cash Used by Financing Activities		(6,620)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(21,103)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		389,333
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	368,230
NON CASH INVESTING AND FINANCING ACTIVITIES		
Cash Payments For:		
Interest	$	-
Income taxes	$	-

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Peace House, Inc. (the Organization) is a private, not-for-profit human services agency incorporated in the State of Utah on November 6, 1992. The Organization was established for the purpose of providing twenty-four hour crisis care and outreach services to women and their children who are victims of domestic violence.

The Organization's support primarily comes from government and Organization grants and contracts, and donor contributions. Its current programs include:

Education – The Organization provides education about domestic violence to children in community schools for grades kindergarten through 12. The Organization also provides presentations in the community to create awareness about domestic violence and the services available.

Shelter – The Organization provides a safe haven for women and their children when they have no other viable option to escape domestic violence. The shelter provides temporary safe housing for families while they acquire the skills and resources necessary to start their lives free from violence.

Outreach – The Organization identifies at-risk families and helps them avoid domestic violence crisis situations. The bi-lingual program includes education, support groups, direct intervention and case management. The program is designed to break the cycle of domestic violence through understanding, planning and action.

Summary of Significant Accounting Policies

The accounting and reporting policies of the Organization conform to U.S. generally accepted accounting principles as applicable to not-for-profit-organizations. The following is a summary of the more significant Organization's accounting policies:

a. Basis of Accounting

The financial statements of the Organization are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization has adopted the provisions of Accounting Standards Codification 958, *Not-For-Profit Entities* (ASC 958) and Accounting Standards Codification 720-25, *Contributions Made* (ASC 720-25). Under these ASC's, the Organization is required to report and record its financial position, activities and contributions received under three classes; permanently restricted, temporarily restricted and unrestricted. These classes are determined by the donor's restrictions for the use of the funds or the lack thereof. When a donor's restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and are shown in the statement of activities as net assets released from restriction. Temporary restrictions expire when a time restriction is met, or the purpose of the restricted funds has been accomplished.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Accounting (Continued)

The Organization has no assets that are temporarily or permanently restricted as of June 30, 2013.

b. Income Taxes

The Organization is a non-profit corporation whose revenue is derived from contributions and other fundraising activities and is not subject to federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization files a Form 990 tax return.

As of June 30, 2013 and for the year then ended, the Organization has not engaged in any activity which management considers to be activity that could result in a loss of their 501(c)(3) designation. In addition, management does not consider any of the activity of the Organization to be considered unrelated business income that could result in income tax. For the year ended June 30, 2013, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position. The Organization is no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2009.

c. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations during the reporting period. Actual results could differ from those estimates. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances in making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. While actual results could differ from those estimates, management believes that the estimates are reasonable.

d. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Where specific costs can be identified with a particular function, such costs are charged directly to that function. Certain costs that could not be identified with a particular program have been allocated across programs based upon an analysis of personnel time spent in each of those programs.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

f. Fair Value of Financial Instruments

The Organization's financial instruments consist of cash, receivables, payables and a note payable. The carrying amount of cash, receivables and payables approximates fair value because of the short-term nature of these items. The carrying amount of the note payable approximates fair value because the instrument has an imputed interest rate and is consistent with other instruments of similar risks and characteristics.

g. Grants Receivable

Grants receivable are deemed by management to be fully collectible.

h. Property and Equipment

Property and equipment are stated at cost. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized. If donated, property and equipment is recorded at the approximate fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Shelter and improvements	5 to 30 years
Furniture and equipment	3 to 10 years
Other building improvements	15 years

Depreciation expense on property and equipment was $9,593 for the year ended June 30, 2013.

i. Public Support, Contributions and Revenue

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, it is reported as unrestricted support.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Public Support, Contributions and Revenue (Continued)

The Organization recognizes contribution revenue for donated property and equipment in the period received at the property or equipment's fair value. If donated assets have questionable or uncertain value and no alternative use that adds value to the assets, the Organization does not recognize them in the financial statements. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Also, the Organization receives donations or contributions through services performed. The fair value of the donated services are recognized in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Services that do not meet either of the preceding criteria are not recognized. Donated services are recorded at their fair value. During the year ended June 30, 2013, the value of contributed services was $2,332.

j. Temporarily Restricted Net Assets/ Restricted Cash

The Organization received certain funds from the Utah Housing Corporation (UHC) for the purpose of maintenance and upkeep of the shelter that was purchased during a prior year (Note 4). As part of that purchase agreement, the Organization was assigned as the primary beneficiary to a "Development Note" between the previous owner of the shelter and UHC. That Development Note stipulated that the prior owner pay $65,000 into a separate fund restricted to the repair, and upkeep of the shelter.

The funds received by the Organization were deposited into a separate bank account and were temporarily restricted in nature. Interest earned on the account is unrestricted in nature. During a prior year, pursuant to a shelter operation termination agreement, the temporary restriction on these funds and future shelter maintenance contributions (see below) was waived.

The Organization receives payments of $350 per month, as specified in the Development Note between UHC and the previous owner, until the note is paid off. As noted above, the restriction on these funds was waived during a prior year.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2013, the Organization had in its bank accounts $43,570 in excess of the FDIC insured limits. The Organization has not experienced any losses in such accounts or lack of access to its cash, and believes it is not exposed to significant risk of loss with respect to cash. However, no assurance can be provided that access to the Organization's cash will not be impacted by adverse economic conditions in the financial markets.

l. Concentration of Revenue

The Organization generally receives grants from various organizations. Some of these grants are material in nature. If the organizations decided not to continue these grants or contributions in a given year, it could have an adverse material effect on the Organization's operations.

m. Valuation of Long-Lived Assets

The Organization reviews for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated future net cash flows are less than the carrying amount of the asset. No impairment losses were recognized for the year ended June 30, 2013.

n. Advertising

Advertising costs are expensed when incurred.

o. Deferred Special Event Revenue

Special event revenue is recognized in the period when the activity leading to that revenue is performed. Funds received to cover expenses for special event revenue are deferred until the event is held. During the year ended June 30, 2013, the Organization received $5,000 for a fundraising special event that was held subsequent to year-end.

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2013

NOTE 2 - SUMMARY OF GRANTS AND CONTRACTS FUNDING

The Organization recognized revenue on an accrual basis from the following grants and contracts for the year ended June 30, 2013:

Funding Source	CFDA Number	Amount
Utah Department of Human Services - Division of Child and Family Services (DCFS)	N/A	$ 131,512
Utah Office of Crime Victim Reparations - Violence Against Women Act (VAWA) Grant	16.588	16,365
Utah Office of Crime Victim Reparations - Victims of Crime Act (VOCA) Grant	16.588	13,885
Federal Emergency Management Agency (FEMA) - Emergency Food and Shelter Program	97.024	8,404
Center for Women and Children in Crisis (CWCIC)	N/A	2,692
United Way of Salt Lake	N/A	20,000
Foundation Grants:		
Eccles Foundation	N/A	15,000
FHC Foundation	N/A	30,000
LDS Foundation	N/A	6,400
Park City Rotary Foundation	N/A	1,000
PMCR Legacy Fund	N/A	2,000
Promontory Foundation	N/A	10,000
R. Harold Burton Foundation	N/A	2,000
Rotary Club of Park City	N/A	500
The Park City Foundation	N/A	8,000
Utah Families Foundation	N/A	5,000
American Express Center for Community Development	N/A	20,000
Park City Municipal Corporation	N/A	26,000
Summit County	N/A	20,000
Total Grants and Contracts Funding		$ 338,758

NOTE 2 - SUMMARY OF GRANTS AND CONTRACTS FUNDING (Continued)

These grants are generally awarded to the Organization on an annual basis. Grants receivable for which the Organization had submitted for reimbursement totaled $26,270 at June 30, 2013.

NOTE 3 - NOTE PAYABLE

The Company held the following note payable at June 30, 2013:

Note payable to Utah Housing Corporation (UHC), non-interest bearing, due in monthly payments of $552, matures in November 2037, secured by the shelter.	$	161,080
Less: unamortized discount at an imputed rate of 6.21%		(78,097)
Total note payable		82,983
Less: current portion		(1,509)
Total long-term note payable	$	81,474

Principal maturities (inclusive of unamortized discount) are as follows:

Year Ending June 30,		
2014	$	1,509
2015		1,605
2016		1,708
2017		1,817
2018		1,933
Thereafter		74,411
Total	$	82,983

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Office Lease

Effective September 1, 2011, the Organization entered into a lease at a new office for a period of three (3) years. The lease consists of monthly rental payments of $1,447. Rent expense for the year ended June 30, 2013 was $26,008, of which $8,648 was for common area rental charges and cleaning expenses in addition to the monthly rental payments.

NOTE 4 - COMMITMENTS AND CONTINGENCIES (Continued)

Equipment Lease

During February 2010, the Organization entered into a lease agreement for a copier for a period of sixty (60) months. The lease consists of monthly rental payments of $207.

The future minimum lease payments for the office and equipment are as follows:

For the Years Ending June 30,		
2014	$	19,841
2015		4,547
2016		-
Total future minimum lease payments	$	24,388

NOTE 5 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 28, 2013, the date which the financial statements were available to be issued, and noted no material subsequent events that would require recognition or disclosure in these financial statements as of June 30, 2013.