



peace house™
EMPOWER EDUCATE SHELTER SUPPORT

**Independent Auditors' Report
and Financial Statements**

June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Peace House, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Stayner, Bates & Jensen, PC
Salt Lake City, Utah
October 07, 2011

PEACE HOUSE, INC.
Statement of Financial Position
June 30, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 1)	\$ 132,325
Certificate-of-deposit (Notes 2 and 6)	200,749
Grants receivable (Notes 1 and 3)	27,444
Prepaid expenses and other	<u>7,693</u>

Total Current Assets 368,211

PROPERTY AND EQUIPMENT (Note 1)

Shelter and improvements	129,713
Furniture and equipment	55,736
Other leasehold improvements	5,705
Accumulated depreciation	<u>(82,158)</u>

Total Property and Equipment 108,996

TOTAL ASSETS \$ 477,207

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 17,977
Current portion - note payable (Note 4)	<u>1,333</u>

Total Current Liabilities 19,310

LONG-TERM LIABILITIES

Note payable (Note 4)	<u>84,402</u>
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Total Liabilities 103,712

COMMITMENTS AND CONTINGENCIES (Note 5)

NET ASSETS

Unrestricted	<u>373,495</u>
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Total Net Assets 373,495

TOTAL LIABILITIES AND NET ASSETS \$ 477,207

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

PEACE HOUSE, INC.
Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	2011 Total
PUBLIC SUPPORT AND REVENUE			
Grants and contracts (Note 3)	\$ -	\$ 304,343	\$ 304,343
Contributions	61,011	-	61,011
Shelter maintenance contribution (Note 1)	4,200	-	4,200
Donated goods and facilities	31,653	-	31,653
Special event revenue	243,783	-	243,783
Interest and dividend income	1,412	-	1,412
	<u>342,059</u>	<u>304,343</u>	<u>646,402</u>
Net assets released from restrictions	<u>304,343</u>	<u>(304,343)</u>	<u>-</u>
Total Public Support and Revenue	<u>646,402</u>	<u>-</u>	<u>646,402</u>
OPERATING EXPENSES			
Program Services:			
Volunteer	36,790	-	36,790
Education	39,507	-	39,507
Shelter	260,667	-	260,667
Outreach	79,580	-	79,580
Total Program Services	<u>416,544</u>	<u>-</u>	<u>416,544</u>
Supporting Services:			
Management and general	51,779	-	51,779
Fundraising	42,649	-	42,649
Total Supporting Services	<u>94,428</u>	<u>-</u>	<u>94,428</u>
Total Operating Expenses	<u>510,972</u>	<u>-</u>	<u>510,972</u>
Change in Net Assets	<u>135,430</u>	<u>-</u>	<u>135,430</u>
Net Assets at Beginning of Year	<u>238,065</u>	<u>-</u>	<u>238,065</u>
Net Assets at End of Year	<u><u>\$ 373,495</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 373,495</u></u>

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

PEACE HOUSE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2011

	PROGRAM SERVICES				SUPPORTING SERVICES				Total Expenses
	Volunteer	Education	Shelter	Outreach	Total Program	Management and General	Fund Raising	Total Support	
Salaries	\$ 28,124	\$ 35,214	\$ 162,766	\$ 52,773	\$ 278,877	\$ 23,543	\$ 31,920	\$ 55,463	\$ 334,340
Payroll taxes	1,860	2,253	12,395	3,787	20,295	3,058	2,078	5,136	25,431
Benefits	657	270	14,678	5,040	20,645	6,217	237	6,454	27,099
Workers Compensation	91	186	1,348	186	1,811	369	186	555	2,366
Payroll fees	-	-	-	-	-	2,967	-	2,967	2,967
Unemployment claims	-	-	106	-	106	876	-	876	982
Advertising	-	-	-	-	-	-	300	300	300
Client assistance & needs	-	-	1,009	-	1,009	-	-	-	1,009
Equipment lease	487	257	337	1,366	2,447	698	735	1,433	3,880
Facility rent	1,476	461	1,065	4,609	7,611	2,481	3,065	5,546	13,157
Food and household	110	-	25,939	6,586	32,635	-	-	-	32,635
Insurance	794	-	5,411	-	6,205	445	-	445	6,650
Interest	-	-	5,367	-	5,367	-	-	-	5,367
Internet/ Computer	117	70	318	344	849	760	152	912	1,761
Licenses/ Dues	13	4	476	42	535	351	129	480	1,015
Maintenance	-	-	790	-	790	-	-	-	790
Miscellaneous	1,141	-	252	180	1,573	1,152	69	1,221	2,794
Office supplies	39	-	664	19	722	1,658	153	1,811	2,533
Postage	23	-	28	-	51	392	396	788	839
Printing	-	235	15	15	265	32	239	271	536
Professional fees	671	183	488	2,135	3,477	2,559	1,464	4,023	7,500
Security	-	-	1,084	9	1,093	-	-	-	1,093
Services	851	28	3,338	106	4,323	1,979	46	2,025	6,348
Staff development	-	78	382	30	490	401	66	467	957
Telephone/ Utilities	312	154	10,873	1,519	12,858	1,688	497	2,185	15,043
Travel & auto	24	114	1,247	834	2,219	153	92	245	2,464
Other fundraising costs	-	-	-	-	-	-	825	825	825
Total Functional Expenses	36,790	39,507	250,376	79,580	406,253	51,779	42,649	94,428	500,681
Depreciation	-	-	10,291	-	10,291	-	-	-	10,291
Total Expenses	\$ 36,790	\$ 39,507	\$ 260,667	\$ 79,580	\$ 416,544	\$ 51,779	\$ 42,649	\$ 94,428	\$ 510,972

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

PEACE HOUSE, INC.
Statement of Cash Flows
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	135,430
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		10,291
Amortization of note payable discount		5,367
(Increase) decrease in operating assets:		
Grants receivable		(7,115)
Prepaid expenses and other assets		6,397
Increase in operating liabilities:		
Accounts payable and accrued expenses		<u>3,154</u>
Net Cash Provided by Operating Activities		<u>153,524</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets		(2,580)
Change in certificate-of-deposit		<u>(100,340)</u>
Net Cash Used by Investing Activities		<u>(102,920)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on note payable		<u>(6,620)</u>
Net Cash Used by Financing Activities		<u>(6,620)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 43,984

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 88,341

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 132,325

NON CASH INVESTING AND FINANCING ACTIVITIES

Cash Payments For:

Interest	\$	-
Income taxes	\$	-

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

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 of the 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. The Organization has no assets that are permanently restricted.

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

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

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.

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.

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, a certificate-of-deposit, 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 certificate-of-deposit approximates fair value as it bears interest at a market interest rate based on its term and maturity. 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.

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

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

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 leasehold improvements	15 years

Depreciation expense on property and equipment was \$10,291 for the year ended June 30, 2011.

i. Contributions

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.

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.

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

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

i. Contributions (Continued)

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, 2011, the value of contributed services was \$6,348.

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.

k. Concentration of Credit Risk

On November 9, 2010, the FDIC Board of Directors issued a final rule to provide temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all FDIC-insured depository institutions. This additional temporary coverage is effective December 31, 2010 through December 31, 2012. In addition, the FDIC currently provides \$250,000 of insurance coverage per depository institution on interest bearing transaction accounts. 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.

At June 30, 2011, the Organization had in its bank accounts \$-0- in excess of the \$250,000 per depository institution that is federally insured.

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

NOTE 2 - CERTIFICATE-OF-DEPOSIT

The Organization holds a certificate-of-deposit (CD) totaling \$200,749 as of June 30, 2011. Detail of this certificate-of-deposit is shown below:

<u>Certificate</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
Certificate-of-Deposit	0.75%	12/28/2011	<u>\$ 200,749</u>

NOTE 3 - 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, 2011:

<u>Funding Source</u>	<u>CFDA Number</u>	<u>Amount</u>
Utah Department of Human Services - Division of Child and Family Services	N/A	\$ 104,568
Department of Justice - Office of Crime Victims Reparations (VAWA Grant)	16.588	18,005
Department of Justice - Office of Crime Victims Reparations (VOCA Grant)	16.588	13,487
Federal Emergency Management Agency - Emergency Food and Shelter Program	97.024	5,876
Center for Women and Children in Crisis	N/A	3,019
United Way of Salt Lake City	N/A	22,000
Foundation Grants:		
FHC Foundation	N/A	30,000
George S. and Dolores Dore Eccles Foundation	N/A	15,000
The LDS Foundation	N/A	5,000
The Park City Foundation	N/A	9,000
Park City Municipal Corporation	N/A	25,000
Corporate Grants:		
American Express CDG		13,388
Mary Kay Ash Charitable Foundation	N/A	20,000
Summit County Grant Awards	N/A	<u>20,000</u>
Total Grants and Contracts Funding		<u>\$ 304,343</u>

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

NOTE 3 - 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 \$27,444 at June 30, 2011.

NOTE 4 - NOTE PAYABLE

The Company held the following note payable at June 30, 2011:

Note payable to Utah Housing Corporation (UHC), non-interest bearing, due in monthly payments of \$552, matures in November 2037, secured by the shelter.	\$ 174,320
Less: unamortized discount at an imputed rate of 6.21%	<u>(88,585)</u>
Total note payable	85,735
Less: current portion	<u>(1,333)</u>
Total long-term note payable	<u><u>\$ 84,402</u></u>

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

<u>Year Ending June 30,</u>	
2012	\$ 1,333
2013	1,418
2014	1,509
2015	1,605
2016	1,708
Thereafter	<u>78,162</u>
Total	<u><u>\$ 85,735</u></u>

NOTE 5 - 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 under the prior lease agreement for the prior office for the year ended June 30, 2011 was \$13,158, of which \$4,598 was for common area rental charges and cleaning expenses in addition to the monthly rental payments.

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

NOTE 5 - 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,		
2012	\$	16,948
2013		19,841
2014		19,841
2015		4,547
2016		-
Total future minimum lease payments	\$	61,177

NOTE 6 - FAIR VALUE MEASUREMENTS

The Organization determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2 – Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3 – Unobservable inputs are used when little or no market data is available.

PEACE HOUSE, INC.
Notes to the Financial Statements
June 30, 2011

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes the assets of the Organization subject to these valuation approaches.

	Fair Value Measurements as of June 30, 2011			
	Level 1	Level 2	Level 3	Total
Certificate-of-Deposit	\$ 200,749	\$ -	\$ -	\$ 200,749
Total	\$ 200,749	\$ -	\$ -	\$ 200,749

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 07, 2011, the date which the financial statements were available to be issued, and noted no material subsequent events that would require disclosure in these financial statements as of June 30, 2011.