



GT REILLY
& COMPANY
CPAs and Advisors

Audited Financial Statements

One Family, Inc.

June 30, 2014

One Family, Inc.

Audited Financial Statements

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INDEPENDENT AUDITORS' REPORT	1
AUDITED FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	3
STATEMENTS OF FUNCTIONAL EXPENSES	4
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



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Independent Auditors' Report

To the Board of Trustees
One Family, Inc.

We have audited the accompanying financial statements of One Family, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, statements of 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 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 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 risk 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 One Family, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

G.T. Reilly & Company

Milton, Massachusetts
September 23, 2014

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

One Family, Inc.

Statements of Financial Position

June 30

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,194,136	\$ 1,386,729
Pledges receivable	66,500	53,000
Prepaid expenses and other assets	<u>12,848</u>	<u>17,314</u>
TOTAL CURRENT ASSETS	1,273,484	1,457,043
INVESTMENTS	382,440	310,138
PROPERTY AND EQUIPMENT, net	<u>18,378</u>	<u>2,163</u>
TOTAL ASSETS	<u>\$ 1,674,302</u>	<u>\$ 1,769,344</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 61,657	\$ 24,542
Accrued expenses	<u>14,666</u>	<u>9,285</u>
TOTAL CURRENT LIABILITIES	<u>76,323</u>	<u>33,827</u>
TOTAL LIABILITIES	<u>76,323</u>	<u>33,827</u>
NET ASSETS		
Unrestricted	1,242,983	1,217,102
Temporarily restricted	<u>354,996</u>	<u>518,415</u>
TOTAL NET ASSETS	<u>1,597,979</u>	<u>1,735,517</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,674,302</u>	<u>\$ 1,769,344</u>

One Family, Inc.

Statements of Activities and Changes in Net Assets

Years Ended June 30

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUES						
Private grants and contributions	\$ 1,013,227	\$ -	\$ 1,013,227	\$ 955,678	\$ 53,000	\$ 1,008,678
Government grants and contracts	-	300,000	300,000	-	300,000	300,000
Special events, net	106,062	-	106,062	53,400	24,000	77,400
Investment income, gains (loss) and other	42,980	-	42,980	63,892	-	63,892
Net assets released from restrictions:	463,419	(463,419)	-	619,178	(619,178)	-
TOTAL OPERATING SUPPORT & REVENUES	1,625,688	(163,419)	1,462,269	1,692,148	(242,178)	1,449,970
OPERATING EXPENSES						
Program services						
Scholars	1,156,167	-	1,156,167	1,178,155	-	1,178,155
System change	138,820	-	138,820	122,501	-	122,501
TOTAL PROGRAM SERVICES	1,294,987	-	1,294,987	1,300,656	-	1,300,656
Support services:						
General and administrative	99,100	-	99,100	72,286	-	72,286
Fundraising	205,720	-	205,720	233,828	-	233,828
TOTAL SUPPORT SERVICES	304,820	-	304,820	306,114	-	306,114
TOTAL OPERATING EXPENSES	1,599,807	-	1,599,807	1,606,770	-	1,606,770
CHANGE IN NET ASSETS	25,881	(163,419)	(137,538)	85,378	(242,178)	(156,800)
NET ASSETS AT BEGINNING OF YEAR	1,217,102	518,415	1,735,517	1,131,724	760,593	1,892,317
NET ASSETS AT END OF YEAR	\$ 1,242,983	\$ 354,996	\$ 1,597,979	\$ 1,217,102	\$ 518,415	\$ 1,735,517

One Family, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2014

	Program Services			Support Services			Total Expenses
	Scholars	System Change	Total Program Services	General & Administrative	Fundraising	Total Support Services	
PERSONNEL AND RELATED							
Salaries	\$ 248,286	\$ 81,586	\$ 329,872	\$ 8,788	\$ 111,877	\$ 120,665	\$ 450,537
Payroll taxes and fringe benefits	46,294	15,125	61,419	10,616	23,156	33,772	95,191
Contracted services	41,181	24,552	65,733	21,348	50,585	71,933	137,666
TOTAL PERSONNEL & RELATED	335,761	121,263	457,024	40,752	185,618	226,370	683,394
OCCUPANCY							
Rent	31,163	8,353	39,516	7,531	8,353	15,884	55,400
Repairs and maintenance	1,119	2,802	3,921	1,768	1,424	3,192	7,113
Utilities	391	135	526	232	135	367	893
TOTAL OCCUPANCY	32,673	11,290	43,963	9,531	9,912	19,443	63,406
OTHER							
Events and meetings	4,431	(4,545)	(114)	5,554	3,046	8,600	8,486
Program expenses	17,209	-	17,209	8,846	1,616	10,462	27,671
Professional fees and consultants	53,223	333	53,556	25,831	-	25,831	79,387
Recruiting	-	-	-	390	-	390	390
Office supplies and support	12,425	2,596	15,021	236	4,501	4,737	19,758
Information technology support	4,122	1,354	5,476	118	295	413	5,889
Insurance	1,335	471	1,806	522	-	522	2,328
Staff training and education	1,074	1,863	2,937	2,536	435	2,971	5,908
Depreciation	2,945	967	3,912	84	210	294	4,206
Other	5,009	3,228	8,237	4,700	87	4,787	13,024
TOTAL OTHER	101,773	6,267	108,040	48,817	10,190	59,007	167,047
TOTAL EXPENSES BEFORE PARTICIPANT COSTS	470,207	138,820	609,027	99,100	205,720	304,820	913,847
SCHOLAR AWARDS	685,960	-	685,960	-	-	-	685,960
TOTAL EXPENSES	\$ 1,156,167	\$ 138,820	\$ 1,294,987	\$ 99,100	\$ 205,720	\$ 304,820	\$ 1,599,807

One Family, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2013

	Program Services			Support Services			Total Expenses
	Scholars	System Change	Total Program Services	General & Administrative	Fundraising	Total Support Services	
PERSONNEL AND RELATED							
Salaries	\$ 185,335	\$ 43,465	\$ 228,800	\$ 2,657	\$ 82,763	\$ 85,420	\$ 314,220
Payroll taxes and fringe benefits	35,934	8,221	44,155	9,835	15,702	25,537	69,692
Contracted services	54,830	3,992	58,822	9,398	61,607	71,005	129,827
Total personnel and related	276,099	55,678	331,777	21,890	160,072	181,962	513,739
OCCUPANCY							
Rent	39,750	14,248	53,998	6,750	14,248	20,998	74,996
Repairs and maintenance	4,900	524	5,424	766	2,368	3,134	8,558
Utilities	1,614	538	2,152	658	633	1,291	3,443
Total occupancy	46,264	15,310	61,574	8,174	17,249	25,423	86,997
OTHER							
Events and meetings	10,564	12,181	22,745	4,698	-	4,698	27,443
Program expenses	73,202	32,106	105,308	5,356	5,218	10,574	115,882
Professional fees and consultants	-	869	869	20,550	-	20,550	21,419
Recruiting	105	35	140	-	41,129	41,129	41,269
Office supplies and support	9,076	1,897	10,973	(1,374)	3,962	2,588	13,561
Information technology support	26,241	1,398	27,639	450	4,283	4,733	32,372
Insurance	757	256	1,013	170	298	468	1,481
Staff training and education	3,755	1,932	5,687	8,305	363	8,668	14,355
Depreciation	1,764	593	2,357	396	695	1,091	3,448
Other	4,377	246	4,623	3,671	559	4,230	8,853
Total other	129,841	51,513	181,354	42,222	56,507	98,729	280,083
Total expenses before participant costs	452,204	122,501	574,705	72,286	233,828	306,114	880,819
SCHOLAR AWARDS	725,951	-	725,951	-	-	-	725,951
TOTAL EXPENSES	\$ 1,178,155	\$ 122,501	\$ 1,300,656	\$ 72,286	\$ 233,828	\$ 306,114	\$ 1,606,770

One Family, Inc.

Statements of Cash Flows

For the Years Ended June 30

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (137,538)	\$ (156,800)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,206	3,448
Net unrealized gains on investments	(41,879)	(62,420)
Changes in operating assets and liabilities:		
Pledges receivable	(13,500)	(26,659)
Prepaid expenses and other assets	4,466	(11,834)
Accounts payable	37,115	15,420
Accrued expenses	5,381	(5,753)
	<u>(141,749)</u>	<u>(244,598)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(20,421)	-
Purchases of Investments	(30,423)	-
	<u>(50,844)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS USED IN FINANCING ACTIVITIES		
Principal payments of capital lease obligations	-	(2,706)
	<u>-</u>	<u>(2,706)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(192,593)	(247,304)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,386,729</u>	<u>1,634,033</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,194,136</u>	<u>\$ 1,386,729</u>
 <u>SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS</u>		
Unrealized gains (losses) on investments	<u>\$ 41,879</u>	<u>\$ 62,420</u>

One Family, Inc.

Notes to Financial Statements

June 30, 2014

Note 1 – Operations, Nonprofit Status and Significant Accounting Policies

One Family, Inc. (One Family) was founded in 1999 by Paul and Phyllis Fireman and their family and was incorporated in Massachusetts in 2002 as an independent 501(c)(3) nonprofit organization with a mission to end family homelessness in Massachusetts. One Family works for change by collaborating with others to develop and implement innovative programs that reverse the widespread, chronic effects of poverty and strengthen lower-income and homeless families. One Family employs a dual approach:

One Family Scholars (OFS) - Supports low-income and formerly homeless single parents as they seek to break the cycle of poverty through higher education. The OFS program includes a flexible funding award that can be used for daily living expenses such as childcare, housing, and transportation, along with more conventional financial aid for tuition, books and other educational-related expenses. Through community partnerships, Scholars are provided additional coaching and support to achieve college, career, financial and leadership success. The OFS program supported 115 and 108 Scholars during the years ending June 30, 2014 and 2013, respectively. The OFS program also includes an Alumni Association, formerly known as the Fellows Program.

Systems Change - The core of this approach is to shift the focus of state programs from reaction to prevention and solution. To this end, One Family gathers and uses data to inform practice and policy reforms, brings together policy makers and stakeholders to share best practices and develops innovative solutions to prevent and end family homelessness.

Nonprofit Status - One Family is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). One Family is also exempt from state income taxes. Donors may deduct contributions made to One Family within IRC regulations.

Significant Accounting Policies - One Family prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents - For the purpose of the statements of cash flows, cash includes balances on hand at banks as well as repurchase agreements representing collateralized overnight investments with a United States bank and are carried at their principal amounts given their overnight maturity.

	<u>2014</u>	<u>2013</u>
Cash on hand at banks	\$ 181,137	\$ 347,447
Repurchase agreement	<u>1,012,999</u>	<u>1,039,282</u>
	<u>\$ 1,194,136</u>	<u>\$ 1,386,729</u>

Pledges Receivable - Pledges receivable consist of amounts unconditionally committed to One Family. No pledge discount was deemed necessary at June 30, 2014, as all pledges are due in fiscal year 2015.

Allowance for Doubtful Accounts - An allowance for doubtful accounts, if any, is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible. As of June 30, 2014 and 2013, no allowance for doubtful accounts was deemed necessary by management.

Note 1 – Operations, Nonprofit Status and Significant Accounting Policies (Cont.)

Fair Value Measurements - One Family follows the Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements and Disclosures", for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. This standard defines fair value and it establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. This standard applies to certain other existing accounting pronouncements that require or permit fair value measurements. The applicability of this standard is limited to One Family's investments.

Investments - Investments are reported at fair market value using Level 1 inputs (see above). Investment income is recorded as earned. Investment gains or losses are recorded as incurred upon sales or based on changes in market values during the period (see Note 2). Investments are classified as noncurrent assets in the accompanying statements of financial position as it is One Family's intent to hold these investments for long-term purposes. Investments are not insured and are subject to ongoing market fluctuations.

Property, Equipment and Depreciation - Purchased property and equipment are recorded at cost (see Note 3). Donated property and equipment are recorded at fair market value at the time of donation. Ordinary repairs and maintenance are expensed when incurred, while renewals and betterments are capitalized. Depreciation of capitalized property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	7 years
Office equipment	5 years
Computers	3 years
Leasehold improvements	3 years or life of lease

Unrestricted Net Assets - Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by One Family. One Family has grouped its unrestricted net assets into the following categories:

Operating net assets represent liquid resources available to carry on the operations of One Family.

Property and equipment net assets reflect and account for the activities relating to One Family's property and equipment, net of any related debt.

Temporarily Restricted Net Assets - Temporarily restricted net assets are donor restricted contributions which have not yet been expended for their designated purpose or have been restricted for a period of time. Temporarily restricted net assets consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Purpose restricted	\$ 292,996	\$ 493,415
Time restricted	<u>62,000</u>	<u>25,000</u>
	<u>\$ 354,996</u>	<u>\$ 518,415</u>

Recognition of Support and Revenue - Unrestricted contributions and gifts are recorded as support when received or unconditionally pledged. Restricted contributions and gifts are recorded as temporarily restricted support and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time and/or program restrictions have lapsed. Contributions are recorded as unrestricted net assets if the restrictions are met in the year that the contribution is made. Additionally, contributions of donated non-cash assets are recorded at their fair values in the period received.

Special events income is recorded when earned or when contributions are unconditionally committed. Contract revenue is recorded when earned.

Note 1 – Operations, Nonprofit Status and Significant Accounting Policies (Cont.)

Special Events - Special events revenue is shown in the accompanying statements of activities and changes in net assets for the years ended June 30, as follows:

	<u>2014</u>	<u>2013</u>
Individual contributions and foundation grants	\$ 157,547	\$ 63,412
Corporate contributions	72,975	75,100
Special events ticket revenue	-	12,150
	<u>230,522</u>	<u>150,662</u>
Less: direct expenses	<u>124,460</u>	<u>76,262</u>
Total special events revenue	<u>\$ 106,062</u>	<u>\$ 74,400</u>

Donated Goods and Services - One Family receives services from volunteers in conjunction with their programs. The value of these services is not reflected in the accompanying financial statements since these services do not meet the criteria for recognition under U.S. GAAP.

Expense Allocation - Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Advertising Costs - One Family expenses advertising costs as they are incurred. Advertising expenses for years ended June 30, 2014 and 2013 was \$35,675 and \$17,802, respectively.

Scholar Awards - In the course of operating the Scholars Program, One Family incurred the following scholar awards for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Education	\$ 463,755	\$ 544,045
Living expenses and stipends	222,205	181,906
	<u>\$ 685,960</u>	<u>\$ 725,951</u>

Subsequent Events - In accordance with generally accepted accounting principles, management has evaluated subsequent events involving One Family for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2014 up through September 23, 2014, the date the accompanying financial statements were available to be issued.

Estimates - The preparation of financial statements in accordance with U.S. GAAP 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 during the reporting period. Actual results could differ from those estimates.

Income Taxes - One Family follows the *Accounting for Uncertainty in Income Taxes* standard which requires One Family to report uncertain tax positions, related interest and penalties, and to adjust its unrecognized tax benefits and accrued interest and penalties accordingly. As of June 30, 2014, One Family determined that there are no material unrecognized tax benefits to report. One Family does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

One Family files income tax and information returns in the United States Federal and Massachusetts state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

Tax filings for 2011 and beyond are subject to remain open.

Recognition of Grant Expense - Grant expense is recognized at the time that grants are awarded by One Family, Inc.

Note 2 – Investments

Investments are presented in the accompanying financial statements at fair value. The following table presents the fair value measurements of One Family's investments within the Level 1 valuation framework as of June 30:

	<u>2014</u>	<u>2013</u>
Investments:		
Daily money market	<u>\$ 171,972</u>	<u>\$ 171,487</u>
Equities:		
Domestic markets	93,599	50,464
Global mutual funds	84,202	61,871
Domestic mutual funds	<u>32,667</u>	<u>26,316</u>
	<u>210,468</u>	<u>138,651</u>
Total investments	<u>\$ 382,440</u>	<u>\$ 310,138</u>

Unrealized gains on investments were \$41,879 and \$62,420 for the years ended June 30, 2014 and 2013, respectively. These unrealized gains and losses are included in investment income and other in the accompanying statements of activities and changes in net assets.

Note 3 – Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 42,374	\$ 42,374
Office equipment	22,503	22,503
Computers	5,537	5,537
Leasehold improvements	<u>25,325</u>	<u>4,904</u>
	95,739	75,318
Less accumulated depreciation	<u>77,361</u>	<u>73,155</u>
	<u>\$ 18,378</u>	<u>\$ 2,163</u>

Note 4 – Lease Agreements

In March, 2013, One Family entered into a lease agreement for office space through February 28, 2018. Effective March 1, 2013, the base monthly rent was \$4,010 for years one through three, and \$4,325 for years four and five.

In April 2014, One Family signed an agreement to move to a new location and sublease office space from the Paul and Phyllis Fireman Charitable Foundation (See note 5) for 10 years through December 31, 2025. One Family did not have to pay for cancellation of the lease in the initial location, however, it had to pay rent for two locations for the months of April through June 2014.

Rent expense under both agreements was \$55,400 and \$74,996 for the years ended June 30, 2014 and 2013, respectively.

Note 4 – Lease Agreements (Cont.)

The future minimum payments under the lease agreement are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	
2015	\$ 30,610
2016	46,873
2017	47,968
2018	49,062
2019	50,156
Thereafter	<u>239,108</u>
	<u><u>\$ 463,777</u></u>

Note 5 – Related Party Transactions

Two of the Board members are Trustees of the Paul and Phyllis Fireman Charitable Foundation which donated \$650,000 and \$800,000 of unrestricted support to One Family for the years ended June 30, 2014 and 2013, respectively. Effective April 2014, One Family contracted to lease office space from the Paul and Phyllis Fireman Charitable Foundation (See Note 4).

Note 6 – Retirement Plan

One Family maintains an IRC Section 403(b) retirement plan for eligible employees. Eligible employees may elect to defer the maximum amount of compensation allowed by law each year. After one year of service, One Family contributes 3% of the employee's salary up to \$3,000.

During the years ended June 30, 2014 and 2013, One Family contributed approximately \$7,700 and \$6,500, respectively, to the plan, which is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

Note 7 – Concentrations

One Family maintains its cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain limits. At times during the year, cash balances may exceed the insured amounts. On June 30, 2014, the Organization's cash balances did not exceed FDIC coverage.

One Family's investments in overnight repurchase agreements are not bank deposits subject to FDIC insurance. However, they are collateralized by U.S. government backed securities.

Two donors represent approximately 74% and 76% of total support for the years ended June 30, 2014 and 2013, respectively (see Note 5). Three donors represent 93% of pledges receivable as of June 30, 2014, and two donors represented 94% of pledges receivable at June 30, 2013.