

**Homeless Emergency Project, Inc.  
d/b/a Homeless Empowerment Program**

**Audited Financial Statements  
and Supplementary Information**

**December 31, 2015 and 2014**

## Table of Contents

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	Page No.
<b>Independent Auditor's Report</b>	3-4
<b>Financial Statements</b>	
Statements of Financial Position	5-6
Statements of Activities and Changes in Net Assets	7-8
Statements of Functional Expenses	9-10
Statements of Cash Flows	11
Notes to Financial Statements	12-20
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	24-25
<b>Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance</b>	26-27
Schedule of Findings and Questioned Costs	28



# Gregory, Sharer & Stuart, P.A.

*Certified Public Accountants and Business Consultants*

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## **Independent Auditor's Report**

Board of Directors  
Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Clearwater, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program, which comprise the statements of financial position as of December 31, 2015 and 2014; the related statements of activities and changes in net assets, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program as of December 31, 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.

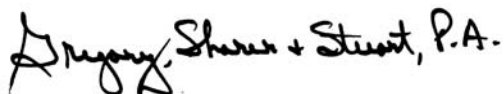
## Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and related notes, as required by Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016 on our consideration of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control over financial reporting and compliance.

**Gregory, Sharer & Stuart, P.A.**

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." with a stylized flourish at the end.

St. Petersburg, Florida  
June 22, 2016

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Statement of Financial Position as of December 31, 2015  
With Summarized Financial Information as of December 31, 2014

	December 31, 2015			Total	Summarized Comparative Totals December 31, 2014
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 186,634	\$ 7,593	\$ -	\$ 194,227	\$ 702,449
Grants receivable	205,495	-	-	205,495	164,781
Accounts receivable - other	4,489	-	-	4,489	1,213
Prepaid expenses	83,559	-	-	83,559	67,544
Investments	3,419,353	-	-	3,419,353	3,806,749
Promises to give	-	14,176	-	14,176	25,868
Other assets	29,581	-	-	29,581	22,315
Total current assets	3,929,111	21,769	-	3,950,880	4,790,919
Noncurrent assets					
Promises to give	-	-	-	-	5,000
Property and equipment, net	10,886,631	-	-	10,886,631	10,884,456
Other assets	14,753	-	-	14,753	14,753
Investments	-	-	222,560	222,560	223,142
Beneficial interest in perpetual trust	-	-	362,452	362,452	392,507
Total noncurrent assets	10,901,384	-	585,012	11,486,396	11,519,858
<b>Total assets</b>	<b>\$14,830,495</b>	<b>\$ 21,769</b>	<b>\$ 585,012</b>	<b>\$15,437,276</b>	<b>\$16,310,777</b>
<b>Liabilities and net assets</b>					
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 116,760	\$ -	\$ -	\$ 116,760	\$ 118,621
Deferred revenue	17,253	-	-	17,253	-
Accrued payroll	26,108	-	-	26,108	24,749
Loan payable	955,000	-	-	955,000	955,000
Security deposits	890	-	-	890	890
Total current liabilities	1,116,011	-	-	1,116,011	1,099,260
Mortgages payable	3,556,608	-	-	3,556,608	3,556,608
Total liabilities	4,672,619	-	-	4,672,619	4,655,868
<b>Net assets</b>					
Unrestricted	6,807,262	-	-	6,807,262	7,153,775
Unrestricted board designated	3,350,614	-	-	3,350,614	3,793,042
Temporarily restricted	-	21,769	-	21,769	92,443
Permanently restricted	-	-	585,012	585,012	615,649
Total net assets	10,157,876	21,769	585,012	10,764,657	11,654,909
<b>Total liabilities and net assets</b>	<b>\$14,830,495</b>	<b>\$ 21,769</b>	<b>\$ 585,012</b>	<b>\$15,437,276</b>	<b>\$16,310,777</b>

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Statement of Financial Position  
December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 640,874	\$ 61,575	\$ -	\$ 702,449
Grants receivable	164,781	-	-	164,781
Accounts receivable - other	1,213	-	-	1,213
Prepaid expenses	67,544	-	-	67,544
Investments	3,806,749	-	-	3,806,749
Promises to give	-	25,868	-	25,868
Other assets	22,315	-	-	22,315
Total current assets	<u>4,703,476</u>	<u>87,443</u>	<u>-</u>	<u>4,790,919</u>
Noncurrent assets				
Promises to give	-	5,000	-	5,000
Property and equipment, net	10,884,456	-	-	10,884,456
Other assets	14,753	-	-	14,753
Investments	-	-	223,142	223,142
Beneficial interest in perpetual trust	-	-	392,507	392,507
Total noncurrent assets	<u>10,899,209</u>	<u>5,000</u>	<u>615,649</u>	<u>11,519,858</u>
<b>Total assets</b>	<u><u>\$ 15,602,685</u></u>	<u><u>\$ 92,443</u></u>	<u><u>\$ 615,649</u></u>	<u><u>\$ 16,310,777</u></u>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 118,621	\$ -	\$ -	\$ 118,621
Deferred revenue	-	-	-	-
Accrued payroll	24,749	-	-	24,749
Loan payable	955,000	-	-	955,000
Security deposits	890	-	-	890
Total current liabilities	<u>1,099,260</u>	<u>-</u>	<u>-</u>	<u>1,099,260</u>
Mortgages payable	<u>3,556,608</u>	<u>-</u>	<u>-</u>	<u>3,556,608</u>
Total liabilities	<u>4,655,868</u>	<u>-</u>	<u>-</u>	<u>4,655,868</u>
<b>Net assets</b>				
Unrestricted	7,153,775	-	-	7,153,775
Unrestricted board designated	3,793,042	-	-	3,793,042
Temporarily restricted	-	92,443	-	92,443
Permanently restricted	-	-	615,649	615,649
Total net assets	<u>10,946,817</u>	<u>92,443</u>	<u>615,649</u>	<u>11,654,909</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 15,602,685</u></u>	<u><u>\$ 92,443</u></u>	<u><u>\$ 615,649</u></u>	<u><u>\$ 16,310,777</u></u>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2015**  
**With Summarized Financial Information for the Year Ended December 31, 2014**

	Year Ended December 31, 2015			Total	Summarized Comparative Totals Year Ended December 31, 2014
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Public support and revenue					
Contributions	\$ 1,174,460	\$ -	\$ -	\$ 1,174,460	\$ 1,274,225
In-kind contributions - services and other	1,468,347	-	-	1,468,347	1,483,433
Grants	2,320,394	-	-	2,320,394	2,332,897
Client fees	321,053	-	-	321,053	299,789
Special events revenue, net	64,854	-	-	64,854	80,472
Thrift store sales	339,451	-	-	339,451	328,129
Other	36,441	-	-	36,441	50,679
Net assets released from restriction	70,674	(70,674)	-	-	-
Total public support and revenue	5,795,674	(70,674)	-	5,725,000	5,849,624
Expenses other than depreciation					
Program services	4,760,380	-	-	4,760,380	4,796,605
Management and general	570,059	-	-	570,059	570,180
Development (fundraising)	595,179	-	-	595,179	501,581
Total expenses other than depreciation	5,925,618	-	-	5,925,618	5,868,366
Changes in net assets before depreciation	(129,944)	(70,674)	-	(200,618)	(18,742)
Depreciation	691,835	-	-	691,835	694,146
Changes in net assets from operating activities	(821,779)	(70,674)	-	(892,453)	(712,888)
Non-operating activities					
Investment return, net	32,838	-	(30,637)	2,201	197,967
<b>Changes in net assets</b>	(788,941)	(70,674)	(30,637)	(890,252)	(514,921)
<b>Net assets at beginning of year</b>	10,946,817	92,443	615,649	11,654,909	12,169,830
<b>Net assets at end of year</b>	<u>\$ 10,157,876</u>	<u>\$ 21,769</u>	<u>\$ 585,012</u>	<u>\$ 10,764,657</u>	<u>\$ 11,654,909</u>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2014**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Contributions	\$ 1,273,200	\$ 1,025	\$ -	\$ 1,274,225
In-kind contributions - services and other	1,483,433	-	-	1,483,433
Grants	2,332,897	-	-	2,332,897
Client fees	299,789	-	-	299,789
Special events revenue, net	80,472	-	-	80,472
Thrift store sales	328,129	-	-	328,129
Other	50,679	-	-	50,679
Net assets released from restriction	99,376	(99,376)	-	-
Total public support and revenue	<u>5,947,975</u>	<u>(98,351)</u>	<u>-</u>	<u>5,849,624</u>
Expenses other than depreciation				
Program services	4,796,605	-	-	4,796,605
Management and general	570,180	-	-	570,180
Development (fundraising)	501,581	-	-	501,581
Total expenses other than depreciation	<u>5,868,366</u>	<u>-</u>	<u>-</u>	<u>5,868,366</u>
Changes in net assets before depreciation	79,609	(98,351)	-	(18,742)
Depreciation	<u>694,146</u>	<u>-</u>	<u>-</u>	<u>694,146</u>
Changes in net assets from operating activities	(614,537)	(98,351)	-	(712,888)
Non-operating activities				
Investment return, net	<u>197,792</u>	<u>-</u>	<u>175</u>	<u>197,967</u>
<b>Changes in net assets</b>	(416,745)	(98,351)	175	(514,921)
<b>Net assets at beginning of year</b>	<u>11,363,562</u>	<u>190,794</u>	<u>615,474</u>	<u>12,169,830</u>
<b>Net assets at end of year</b>	<u>\$ 10,946,817</u>	<u>\$ 92,443</u>	<u>\$ 615,649</u>	<u>\$ 11,654,909</u>



Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Statement of Functional Expenses for the Year Ended December 31, 2015  
With Summarized Financial Information for the Year Ended December 31, 2014

	Year Ended December 31, 2015											Summarized Comparative Totals	
	Program Services										Total		Year Ended December 31, 2014
	Housing Programs				Total Housing Programs	Client Counseling and Other Services	Thrift Store	Total Program Services	Management and General	Development (Fundraising)			
Outreach	Emergency	Transitional	Permanent										
Salaries	\$ 83,772	\$ 324,559	\$ 277,495	\$ 192,071	\$ 877,897	\$ 555,882	\$ 158,652	\$ 1,592,431	\$ 245,466	\$ 306,822	\$ 2,144,719	\$ 1,958,027	
Payroll taxes and benefits	16,780	51,711	45,916	29,256	143,663	105,087	29,425	278,175	40,554	44,705	363,434	373,764	
Personnel expenses	1,032	3,565	2,614	1,730	8,941	7,659	2,272	18,872	10,584	1,807	31,263	16,303	
Total salaries and related expenses	101,584	379,835	326,025	223,057	1,030,501	668,628	190,349	1,889,478	296,604	353,334	2,539,416	2,348,094	
Client services	24,747	78,362	106,631	109,336	319,076	55,962	1,952	376,990	16,798	8,299	402,087	626,399	
Contract labor	-	-	2,130	-	2,130	720	-	2,850	-	-	2,850	38,760	
Dental clinic expenses	42,098	166,142	74,964	244,337	527,541	-	-	527,541	-	-	527,541	611,493	
Marketing	-	280	-	-	280	-	544	824	301	83,994	85,119	60,189	
Food	30,921	119,593	51,547	168,942	371,003	51,612	41	422,656	1,391	1,277	425,324	329,385	
In-kind lease space	19,359	48,351	49,060	24,019	140,789	69,402	27,444	237,635	93,032	54,510	385,177	399,173	
In-kind services	6,986	27,901	11,994	38,884	85,765	43,800	88,373	217,938	-	-	217,938	232,728	
Insurance	3,516	11,741	14,911	7,919	38,087	26,377	7,135	71,599	14,097	14,173	99,869	94,089	
Interest	-	-	-	-	-	-	-	-	16,514	-	16,514	16,024	
Job training	-	-	31,500	14,000	45,500	22,600	-	68,100	-	-	68,100	-	
Learning center activities	-	-	-	-	-	92,309	-	92,309	-	-	92,309	90,789	
Office expenses & supplies	2,444	7,155	5,301	3,830	18,730	28,750	18,259	65,739	66,726	44,908	177,373	179,315	
Professional fees	887	2,937	2,875	9,078	15,777	9,234	1,783	26,794	25,947	3,391	56,132	37,806	
Repairs and maintenance	15,151	45,927	41,897	31,425	134,400	55,554	16,289	206,243	10,719	4,044	221,006	202,965	
Technology expense	3,569	5,128	5,475	3,810	17,982	25,959	2,889	46,830	13,546	18,162	78,538	36,097	
Telephone	1,843	4,901	9,229	3,894	19,867	12,746	2,044	34,657	8,060	4,613	47,330	50,975	
Utilities	14,064	46,881	118,961	122,095	302,001	80,321	26,241	408,563	6,324	4,474	419,361	431,590	
Transportation expense	4,454	17,818	23,545	17,817	63,634	-	-	63,634	-	-	63,634	82,495	
<b>Subtotal</b>	271,623	962,952	876,045	1,022,443	3,133,063	1,243,974	383,343	4,760,380	570,059	595,179	5,925,618	5,868,366	
Depreciation	14,898	61,935	155,704	210,688	443,225	102,052	23,332	568,609	123,226	-	691,835	694,146	
<b>Total functional expenses</b>	<b>\$ 286,521</b>	<b>\$ 1,024,887</b>	<b>\$ 1,031,749</b>	<b>\$ 1,233,131</b>	<b>\$ 3,576,288</b>	<b>\$ 1,346,026</b>	<b>\$ 406,675</b>	<b>\$ 5,328,989</b>	<b>\$ 693,285</b>	<b>\$ 595,179</b>	<b>\$ 6,617,453</b>	<b>\$ 6,562,512</b>	

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Statement of Functional Expenses  
Year Ended December 31, 2014

	Program Services										
	Housing Programs				Total Housing Programs	Client Counseling and Other Services	Thrift Store	Total Program Services	Management and General	Development (Fundraising)	Total
Outreach	Emergency	Transitional	Permanent								
Salaries	\$ 116,314	\$ 252,580	\$ 276,430	\$ 141,366	\$ 786,690	\$ 497,722	\$ 134,312	\$ 1,418,724	\$ 253,625	\$ 285,678	\$ 1,958,027
Payroll taxes and benefits	24,029	51,295	48,944	25,400	149,668	105,781	26,737	282,186	49,964	41,614	373,764
Personnel expenses	655	1,427	1,615	576	4,273	4,870	1,495	10,638	4,043	1,622	16,303
Total salaries and related expenses	140,998	305,302	326,989	167,342	940,631	608,373	162,544	1,711,548	307,632	328,914	2,348,094
Client services	23,486	112,883	100,001	53,986	290,356	311,811	13,831	615,998	6,472	3,929	626,399
Contract labor	-	-	35,100	-	35,100	3,660	-	38,760	-	-	38,760
Dental clinic expenses	42,116	172,105	179,347	217,925	611,493	-	-	611,493	-	-	611,493
Marketing	-	428	-	-	428	575	10,408	11,411	120	48,658	60,189
Food	18,791	89,402	93,318	101,049	302,560	23,210	20	325,790	1,690	1,905	329,385
In-kind lease space	20,062	50,108	50,843	24,892	145,905	71,924	28,441	246,270	96,412	56,491	399,173
In-kind services	8,439	51,397	48,104	56,538	164,478	-	68,250	232,728	-	-	232,728
Insurance	5,744	10,120	18,622	7,454	41,940	24,276	5,194	71,410	11,537	11,142	94,089
Interest	-	-	-	-	-	-	-	-	16,024	-	16,024
Learning center activities	-	-	-	-	-	90,789	-	90,789	-	-	90,789
Office expenses & supplies	4,379	7,918	9,721	5,147	27,165	39,208	9,774	76,147	78,549	24,619	179,315
Professional fees	1,169	4,096	3,154	1,838	10,257	8,162	1,237	19,656	15,588	2,562	37,806
Repairs and maintenance	4,393	20,048	72,676	33,491	130,608	50,280	9,817	190,705	7,012	5,248	202,965
Technology expense	1,164	1,712	1,840	1,158	5,874	7,373	2,490	15,737	11,265	9,095	36,097
Telephone	2,398	5,029	10,465	3,548	21,440	10,855	1,987	34,282	12,141	4,552	50,975
Utilities	16,207	52,219	180,410	59,696	308,532	86,999	25,855	421,386	5,738	4,466	431,590
Transportation expense	7,725	38,465	17,408	12,434	76,032	-	6,463	82,495	-	-	82,495
<b>Subtotal</b>	<b>297,071</b>	<b>921,232</b>	<b>1,147,998</b>	<b>746,498</b>	<b>3,112,799</b>	<b>1,337,495</b>	<b>346,311</b>	<b>4,796,605</b>	<b>570,180</b>	<b>501,581</b>	<b>5,868,366</b>
Depreciation	13,674	53,816	255,846	100,833	424,169	84,571	21,316	530,056	164,090	-	694,146
<b>Total functional expenses</b>	<b>\$ 310,745</b>	<b>\$ 975,048</b>	<b>\$ 1,403,844</b>	<b>\$ 847,331</b>	<b>\$ 3,536,968</b>	<b>\$ 1,422,066</b>	<b>\$ 367,627</b>	<b>\$ 5,326,661</b>	<b>\$ 734,270</b>	<b>\$ 501,581</b>	<b>\$ 6,562,512</b>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Statements of Cash Flows**

	Year Ended December 31	
	2015	2014
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (890,252)	\$ (514,921)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	691,835	694,146
Realized and unrealized loss (gain) on investments	65,550	(99,144)
Donated investments	(52,625)	(80,923)
Loss on perpetual trust assets	30,055	353
(Increase) decrease in operating assets		
Grants receivable	(40,714)	71,438
Accounts receivable - other	(3,276)	(216)
Prepaid expenses	(16,015)	(2,174)
Promises to give	16,692	57,311
Other assets	(7,266)	(15,170)
(Decrease) increase in operating liabilities		
Accounts payable	(1,861)	(7,728)
Deferred revenue	17,253	(10,794)
Accrued payroll	1,359	(29,800)
Net cash (used) provided by operating activities	<u>(189,265)</u>	<u>62,378</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(118,063)	(1,396,118)
Proceeds from sale of investments	493,116	1,517,352
Purchases of property and equipment	(694,010)	(120,946)
Net cash (used) provided by investing activities	<u>(318,957)</u>	<u>288</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(508,222)</b>	<b>62,666</b>
<b>Cash and cash equivalents at beginning of year</b>	<b><u>702,449</u></b>	<b><u>639,783</u></b>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 194,227</u></b>	<b><u>\$ 702,449</u></b>
<b>Supplemental disclosure</b>		
Cash paid for interest	<u>\$ 16,514</u>	<u>\$ 16,024</u>

# Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

## Notes to Financial Statements

December 31, 2015 and 2014

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### Note A - Organization and Summary of Significant Accounting Policies

#### *Organization and Purpose*

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program (the Organization) is a nonprofit organization founded in 1986 whose mission is to provide homeless and low-income individuals and families with housing, food, clothing, and support services necessary to obtain self-sufficiency and improved quality of life. Funds used for operations are received from federal, state, local, and private sources.

The Organization provides emergency, transitional, and permanent housing for men, women, children, and veterans, including those with mental illnesses. The Organization offers a full continuum of shelter care for the entire homeless population and, with its community partners, provides residents access to a wide range of support services.

#### *Housing Programs*

Services provide for overnight, emergency, transitional, and permanent housing needs; clothing, food, personal care, life skills, case management, and transportation costs of the residents.

#### *Support Services*

- Counseling - Services include substance abuse care and alcohol treatment, recovery services, vocational and employment training, mental health therapy (individual, group, and families), and public benefits access.
- The Learning Center - This is a partnership with R'Club Child Care, Inc. to provide before and after school care, transportation, and a summer camp program. The program provides academic and social skill building assistance for school age youth.
- Dental Clinic - The clinic is utilized by volunteer dentists, orthodontists, dental hygienists, and students providing a full range of dental care for residents.
- Bike Recycling and Distribution Program - The bike shop provides homeless adults and children with refurbished and recycled bikes, accessories, and helmets.

- Food and Nutrition - Onsite kitchen and dining hall provides three meals a day, seven days a week. A contracted licensed nutritionist provides one-on-one consultation to residents to support healthy eating habits and meal planning.
- Medical Care - This program is provided onsite through a partnership with a Morton Plant Outreach Team. The services include medical assessments, laboratory services, and treatments for nonemergency illnesses or injuries offered by an on-site staff of licensed practical nurses, nurse practitioners, and case managers.
- Transportation - Services include transportation services of two roundtrips each weekday for veterans to Bay Pines Hospital.
- Community Housing Assistance Program (CHAP) is available to assist eligible applicants avoid potential homelessness by eliminating rental payments in arrears, providing one-on-one housing counseling to ensure stability of their new housing situation, and by providing move-in costs in instances of homelessness.
- Thrift Store - Onsite store provides clients with job training, clothes, and household items. All store proceeds are invested into the operations of the Organization.

#### *Basis of Presentation*

The Organization's financial statements are prepared on the accrual basis of accounting.

#### *Reclassifications*

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation. The reclassifications had no effect on previously reported changes in net assets.

#### *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 at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

# Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

## Notes to Financial Statements

December 31, 2015 and 2014

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### *Cash and Cash Equivalents*

The Organization considers all highly liquid investments not designated for long-term purposes to be cash and cash equivalents. For the purpose of the statement of cash flows, the Organization considers all highly liquid investments designated for long-term purposes to be investments, not cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

### *Grants Receivable*

The Organization records a receivable and grant income at the time grant funds are due from the grantor. Management estimates the allowance for uncollectible grants based on a review of the individual grant receivables outstanding as of the end of the year. Management writes off grants receivable as identified against the allowance amount. As of December 31, 2015 and 2014, the Organization considers all grants receivable to be fully collectible.

### *Investments*

Investments are carried at fair value. Donated investments are recorded at fair value at the time of receipt. The cost basis of investments acquired by purchase is the price paid for the investment.

### *Fair Value*

The Organization follows accounting guidance that defines fair value and specifies a hierarchy of valuation techniques. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The Organization measures investments at fair value on a recurring basis.

The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that are accessible by the Organization.

Level 2 - Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable, but are derived from or corroborated by observable market data.

Level 3 - Unobservable inputs based on the Organization's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The Organization evaluates the various types of financial assets and liabilities to determine the appropriate fair value hierarchy based upon trading activity and the observability of market inputs. The Organization employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

### *Promises to Give*

Unconditional promises to give cash or other assets in the future are recorded as contributions revenue (temporarily restricted) and promises to give. Promises to give, less an allowance for uncollectible accounts, are reported at the net present value using an interest rate determined by management to be appropriate for the expected terms of the promise to give. The rate applied for the years ended December 31, 2015 and 2014 was 3.34%.

### *Property and Equipment*

Property and equipment are carried at cost. Donated property and equipment are recorded at fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, which can range as follows:

Buildings	20-30 years
Improvements	10-30 years
Furniture and equipment	3-10 years

In September 2015, the Organization modified the agency expenditure capitalization policy limit from \$1,000 to \$5,000, with an estimated useful life in excess of one year. Housing expenditures in excess of \$2,500 with an estimated useful life in excess of one year are capitalized.

# Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

## Notes to Financial Statements

December 31, 2015 and 2014

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Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in other future authorized programs; however, its disposition and ownership of any proceeds is subject to applicable regulations.

### *Net Assets and Revenue Recognition*

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* - include net assets that are not subject to donor-imposed stipulations.
- *Temporarily Restricted Net Assets* - include gifts subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.
- *Permanently Restricted Net Assets* - include gifts for which the corpus is permanently endowed.

Donor-restricted support is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### *Contributions*

Contributions, including unconditional promises to give, are recorded when received. Contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### *In-Kind Contributions*

Contributed use of facilities is recorded as support at its fair rental value during the period of use. Other tangible donations are recorded as support at their fair value during the period of use. Contributed services that require specialized skills (attorneys, computer consultants, etc.) are recorded in the statement of activities and changes in net assets as unrestricted support at their fair value. A number of unpaid volunteers, including board members, have made significant contributions of their time to develop the Organization's programs and special events. The value of this contributed time is not reflected in the statements of activities and changes in net assets, since it is not susceptible to objective measurement or valuation. Total volunteer hours contributed were approximately 23,600 and 20,800 for the years ended December 31, 2015 and 2014, respectively.

The Organization receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail thrift store. Contributions are measured at fair value.

The Organization believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine inventory value at the time of donation. It is only through the value-added processes that prepare the donated inventory for sale that donated inventory has value. Accordingly, contributed goods and materials are not valued prior to being offered for sale, and no revenue is recognized until the date of sale. There is no contributions revenue recorded in the accompanying financial statements as of December 31, 2015 or 2014 associated with this inventory.

### *Functional Expenses*

The cost of providing the various programs and other activities has been detailed in the statements of functional expenses and summarized on a functional basis in the statements of activities and changes in net assets.

Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure and classification. Management and general expenses that are not directly allocable are allocated based on their estimated usage in each program or supporting service.

# Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

## Notes to Financial Statements

December 31, 2015 and 2014

### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been determined not to be a private foundation (within the meaning of Section 509(a)(1) of the Internal Revenue Code). As such, no provision for income tax expense has been made in the accompanying financial statements.

### Note B - Concentration of Credit Risk

The Organization maintains cash and cash equivalent balances that at times throughout the year may exceed FDIC insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant risk of loss on cash.

### Note C - Investments

Investments are summarized as follows at December 31:

	Market	Cost
<i>2015</i>		
Money market funds	\$ 164,866	\$ 164,864
Fixed income securities	851,775	859,020
Equities	2,423,198	2,060,868
Commodities	63,291	77,375
Real estate	138,783	119,419
	<u>\$ 3,641,913</u>	<u>\$ 3,281,546</u>
<i>2014</i>		
Money market funds	\$ 232,053	\$ 232,053
Fixed income securities	972,778	966,014
Equities	2,592,638	2,111,116
Commodities	89,270	90,679
Real estate	143,152	120,635
	<u>\$ 4,029,891</u>	<u>\$ 3,520,497</u>

Investment return consists of the following for the years ended December 31:

	2015	2014
Dividends and interest	\$ 97,806	\$ 99,176
Realized gains	187,240	61,901
Unrealized (losses) gains	(252,790)	37,243
	<u>32,256</u>	<u>198,320</u>
Change in market value of beneficial interest in perpetual trust	(30,055)	(353)
	<u>\$ 2,201</u>	<u>\$ 197,967</u>

Investments are pledged as collateral for the loan payable (Note I).

### Note D - Beneficial Interest in Perpetual Trust

The Organization is an income beneficiary of a perpetual trust held by a third party. The Organization's beneficial interest in this perpetual trust is measured based on the fair value of the trust assets. The change in the fair value of the trust assets is reported as a permanently restricted gain or loss. Income distributions from the trust are reported as unrestricted contributions. The balance was \$362,452 and \$392,507 at December 31, 2015 and 2014, respectively.

### Note E - Fair Value of Financial Instruments

The fair value of certain of the Organization's financial instruments, including cash, grants receivable, accounts receivable - other, prepaid expenses, accounts payable and accrued liabilities, accrued payroll, security deposits, and loan payable approximate cost because of their short-term nature. The fair value of the Organization's mortgages payable is considered to be comparable to the loan value of the obligation.

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

The classification within the fair value hierarchy of assets measured at fair value on a recurring basis is as follows at December 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>2015</i>				
Investments				
Money market funds	\$ 164,866	\$ 164,866	\$ -	\$ -
Fixed income securities	851,775	-	851,775	-
Equities	2,423,198	2,423,198	-	-
Tangible investments	63,291	-	63,291	-
Real estate	138,783	-	138,783	-
Total Investments	3,641,913	2,588,064	1,053,849	-
Beneficial interest in perpetual trust	362,452	-	-	362,452
	<u>\$ 4,004,365</u>	<u>\$ 2,588,064</u>	<u>\$ 1,053,849</u>	<u>\$ 362,452</u>
<i>2014</i>				
Investments				
Money market funds	\$ 232,053	\$ 232,053	\$ -	\$ -
Fixed income securities	972,778	-	972,778	-
Equities	2,592,638	2,592,638	-	-
Tangible investments	89,270	-	89,270	-
Real estate	143,152	-	143,152	-
Total Investments	4,029,891	2,824,691	1,205,200	-
Beneficial interest in perpetual trust	392,507	-	-	392,507
	<u>\$ 4,422,398</u>	<u>\$ 2,824,691</u>	<u>\$ 1,205,200</u>	<u>\$ 392,507</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Beneficial Interest in Perpetual Trust
December 31, 2014	\$ 392,507
Change in value	(30,055)
December 31, 2015	<u>\$ 362,452</u>

**Note F - Promises to Give**

Promises to give are comprised of several pledges that have been outstanding for several years restricted to be used for a specific program, HEP West housing for U.S. veterans of the wars fought in Iraq and Afghanistan. Estimated fair value of the promises to give of \$14,176 and \$30,868 as of December 31, 2015 and 2014, respectively, is determined by calculating the present value of the future payments expected to be received, using the payment schedule established by the donor, and a discount rate of 3.34%. At December 31, 2015, promises to give of \$14,176 are expected to be received within one year, which is less the discount of \$824 to present value.

**Note G - Endowments**

The Organization's endowments include both donor-restricted and board-designated funds.

*Donor Restricted*

The endowment fund was established in 2006 with a donor-restricted contribution of \$200,000. According to the agreement, the original \$200,000 corpus is not subject to withdrawal, and income from the fund is available for the purchase of fixed income assets and is only allowed to be withdrawn to the extent that the income, net of all expenses of the fund, exceeds one-half of the Consumer Price Index as published in the Wall Street Journal for the calendar year preceding any withdrawals. The right to withdrawal is non-cumulative.



# Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

## Notes to Financial Statements

December 31, 2015 and 2014

With respect to the donor-restricted endowment, the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (Florida UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the donor-restricted permanent endowment, (b) the original value of subsequent gifts to the donor-restricted permanent endowment, and (c) accumulations to the donor-restricted 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 Florida UPMIFA.

In accordance with Florida 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

### *Board Designated*

The board designated endowment fund was established by the board of directors to benefit the Organization by providing regular, predictable operating income that will help fill gaps caused by increasing costs, demands, and the possibility of diminishing government support. Management expects the principal to be preserved; however, the principal and earnings are available to provide support for the Organization's programs and facilities.

### *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 objective for the portfolio is a balanced return focusing on capital appreciation with a secondary focus on current income through a higher allocation to equities than fixed income and where appropriate other asset classes.

Endowment assets are invested in a well-diversified asset mix, including equity and debt securities, intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, if possible. 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.

Endowment net asset composition by type of fund is as follows as of December 31:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
<i>2015</i>				
Donor restricted endowment funds	\$ -	\$ -	\$ 222,560	\$ 222,560
Board designated endowment funds	3,350,614	-	-	3,350,614
	<u>\$ 3,350,614</u>	<u>\$ -</u>	<u>\$ 222,560</u>	<u>\$ 3,573,174</u>
<i>2014</i>				
Donor restricted endowment funds	\$ -	\$ -	\$ 223,142	\$ 223,142
Board designated endowment funds	3,793,042	-	-	3,793,042
	<u>\$ 3,793,042</u>	<u>\$ -</u>	<u>\$ 223,142</u>	<u>\$ 4,016,184</u>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

Changes in endowment net assets are as follows for the years ended December 31:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
<i>2015</i>				
Endowment net assets, beginning	\$ 3,793,042	\$ -	\$ 223,142	\$ 4,016,184
Contributions	52,625	-	-	52,625
Investment income	31,367	-	(582)	30,785
Distributions	(526,420)	-	-	(526,420)
Transfers between classes	-	-	-	-
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, ending	<u>\$ 3,350,614</u>	<u>\$ -</u>	<u>\$ 222,560</u>	<u>\$ 3,573,174</u>
<i>2014</i>				
Endowment net assets, beginning	\$ 3,672,391	\$ -	\$ 222,614	\$ 3,895,005
Contributions	10,640	-	-	10,640
Investment income	194,678	-	528	195,206
Distributions	(84,667)	-	-	(84,667)
Transfers between classes	-	-	-	-
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, ending	<u>\$ 3,793,042</u>	<u>\$ -</u>	<u>\$ 223,142</u>	<u>\$ 4,016,184</u>

**Note H - Property and Equipment**

Property and equipment consists of the following at December 31:

	2015	2014
Buildings	\$ 11,847,913	\$ 11,847,913
Building improvements	2,149,123	1,526,225
Construction in progress	1,930	43,119
Land	685,610	685,610
Land improvements	42,824	42,824
Furniture, fixtures, and equipment	1,229,012	1,116,711
	<u>15,956,412</u>	<u>15,262,402</u>
Less: accumulated depreciation	(5,069,781)	(4,377,946)
	<u>\$ 10,886,631</u>	<u>\$ 10,884,456</u>

Depreciation expense is \$691,835 and \$694,146 for the years ended December 31, 2015 and 2014, respectively.

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress, until such time as the relevant assets are completed and put into use. Construction in progress at December 31, 2015 represents renovations of the family transitional building. Construction in progress at December 31, 2014 represents renovations to the community center.

**Note I - Loan Payable**

During March 2009, the Organization entered into an agreement with Bank of America for a \$1.4 million credit facility to be used as a cash flow tool in construction of the service building. Borrowings under the credit line carry an interest rate of LIBOR plus 1.5% (1.93% and 1.67% at December 31, 2015 and 2014, respectively). The Organization is able to request Bank of America to make additional demand loans in the aggregate principal amount that would not cause the total amount outstanding to be in excess of \$1.4 million. Bank of America may decline any request at its sole discretion, with or without cause. The loan payable is due on demand and collateralized by unrestricted investments. The amount outstanding was \$955,000 as of December 31, 2015 and 2014. The Organization paid \$16,514 and \$16,024 in interest associated with this line of credit for the years ended December 31, 2015 and 2014, respectively.

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**Note J - Mortgages Payable**

Mortgages payable, net of discounts where applicable consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Mortgages payable to Pinellas County (Pinellas County Community Development), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through 2038. In the event the Organization was to dispose of or alter the use of the property within the specified time period, a pro rata share would be required to be returned to Pinellas County.	<b>\$ 309,268</b>	\$ 309,268
Mortgage payable to Pinellas County (Community Development Block Grants/Entitlement Grants), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through 2021. In the event the Organization was to dispose of or alter the use of the property within the specified time period, a pro rata share would be required to be returned to Pinellas County.	<b>100,000</b>	100,000
Mortgage payable to Pinellas County (HOME Investment Partnerships Program), monthly principal and interest payments of \$6,311 required beginning November 1, 2019; 3% annual interest rate; collateralized by real property; \$299,250 forgiven if the property continues to be used for its intended purpose through 2044.	<b>1,800,000</b>	1,800,000
Mortgage payable to City of Clearwater Economic Development and Housing Department (Pinellas County Community Housing Trust Fund Program - \$274,335 and Home Investment Partnerships Program - \$823,005); monthly principal and interest payments of \$3,365 required beginning January 2020; 3% annual interest rate; collateralized by real property; \$299,250 forgiven if the property continues to be used for its intended purpose through 2044. If the Organization was to dispose of or alter the use of the property within the specified time period, the entire loan balance and interest at 3% would be required to be paid to the City of Clearwater.	<b>1,097,340</b>	1,097,340
Mortgage payable to Clearwater Homeless Intervention Project, Inc., no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through 2021. Beginning in 2016, \$41,667 will be forgiven each year after owning the property for five years. The principal and interest will be forgiven in full if the property is not sold within 10 years.	<b>250,000</b>	250,000
	<b><u>\$ 3,556,608</u></b>	<b><u>\$ 3,556,608</u></b>

Future maturities of mortgages payable are as follows:

Years ending December 31	Expected		Total
	Principal	Forgiveness	
2016	\$ -	\$ 41,667	\$ 41,667
2017	-	41,667	41,667
2018	-	41,667	41,667
2019	6,738	41,667	48,405
2020	16,956	41,667	58,623
Thereafter	2,275,146	1,049,433	3,324,579
	<b><u>\$ 2,298,840</u></b>	<b><u>\$ 1,257,768</u></b>	<b><u>\$ 3,556,608</u></b>

**Note K - Leases**

The Organization leases real property from Everybody's Tabernacle (Church), a local community church, for its service building at an annual nominal rate of \$12,000 per year for a term of 20 years expiring 2028, compounding at a rate of 2% per year.

The dental clinic, as well as the houses and dormitories used in emergency and transitional housing for the homeless, are leased from the Church for one year at \$1 per year. The fair rental value of \$385,177 and \$399,173 was recognized as in-kind contributions revenue and in-kind lease space expenses in the accompanying financial statements for the years ended December 31, 2015 and 2014, respectively.

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

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**Note L - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Promises to give - time restricted	\$ 14,176	\$ 30,868
HEP West housing for U.S. veterans of the wars fought in Iraq and Afghanistan	7,593	61,575
	<u>\$ 21,769</u>	<u>\$ 92,443</u>

**Note M - Permanently Restricted Net Assets**

Permanently restricted net assets consist of the beneficial interest in perpetual trust (Note D) and the donor-restricted endowment (Note G). At December 31, 2015 and 2014, the permanently restricted net asset balance was \$585,012 and \$615,649, respectively.

**Note N - Related Parties**

The pastor and the president of the Church serve on the board of directors. In 2015 and 2014, the Church leased real property to the Organization for a nominal rate.

For the years ended December 31, 2015 and 2014, the Church reimbursed the Organization approximately \$20,000 for salaries and benefits for the Church's receptionist.

A board member of the Organization is the executive vice president of an investment advisory firm, which provides investment advice at no cost.

The Organization rents two houses from its founder officer for \$1,500 a month. Total rent paid to the founder for each of the years ended December 31, 2015 and 2014 was \$18,000.

**Note O - In-Kind Revenue and Expenses**

Included as unrestricted support and expense are the following in-kind contributions for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Food	\$ 360,923	\$ 265,649
Lease space	385,177	399,173
Dental services	504,310	585,883
Psychiatric counseling	84,164	149,634
Professional services	-	1,070
Thrift store	88,373	68,249
Bikes	43,800	10,860
Other	1,600	2,915
	<u>\$ 1,468,347</u>	<u>\$ 1,483,433</u>

As discussed in Note A, contributed services and tangible donations are recorded at their estimated fair values. The Thrift Store in-kind contributions recorded above are only for clothing provided to clients.

**Note P - Contingencies**

The Organization is subject to federal and state examination to determine compliance with grant funding requirements. In the event that expenditures are disallowed, repayment could be required. It is the opinion of management that no expenditures will be disallowed.

**Note Q - Subsequent Events**

Management has evaluated all events subsequent to the statement of financial position date of December 31, 2015 through June 22, 2016, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustment to, or disclosure in, the accompanying financial statements.

## **Supplementary Information**

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2015

Federal Agency <i>Pass-through Entity</i> Federal Program	Identifying Number	CFDA Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Pinellas County</i>			
Community Development Block Grants/Entitlement Grants	N/A	14.218	\$ 100,000 *
<i>Passed through City of Clearwater</i>			
Community Development Block Grants/Entitlement Grants	N/A	14.218	12,887
Total for CFDA #14.218			<u>112,887</u>
<i>Passed through Florida Department of Children and Families</i>			
Emergency Solutions Grant Program	N/A	14.231	4,350
Emergency Solutions Grant Program	ES12	14.231	825
Emergency Solutions Grant Program	ES13	14.231	119,949
Emergency Solutions Grant Program	ES14	14.231	25,257
Total for CFDA #14.231			<u>150,381</u>
<i>Direct award</i>			
Supportive Housing Program	FL0035L4H021305	14.235	36,009
Supportive Housing Program	FL0035L4H021406	14.235	28,148
Supportive Housing Program	FL0030L4H021306	14.235	9,479
Supportive Housing Program	FL0030L4H021407	14.235	96,320
Total for CFDA #14.235			<u>169,956</u>
<i>Passed through City of Clearwater</i>			
HOME Investment Partnerships Program	N/A	14.239	823,005 *
<i>Passed through Pinellas County</i>			
HOME Investment Partnerships Program	N/A	14.239	1,800,000 *
Total for CFDA #14.239			<u>2,623,005</u>
<i>Direct award</i>			
Section 8 Housing Choice Vouchers	N/A	14.871	108,081
Total U.S. Department of Housing and Urban Development			<u>3,164,310</u>
<b>U.S. Department of Veteran Affairs</b>			
<i>Direct award</i>			
VA Homeless Providers Grant and Per Diem Program	N/A	64.024	484,103
<b>Total Expenditures Of Federal Awards</b>			<u><u>\$ 3,648,413</u></u>

\* Represents the balance of a loan from a previous year for which the federal government imposes continuing compliance requirements

## Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2015

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### **Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activities of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program (the Organization). The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Some amounts presented in the schedule may differ from amounts presented or used in the preparation of the financial statements.

### **Note B - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

### **Note C - Indirect Costs**

The Organization did not elect to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

### **Note D - Contingencies**

Expenditures incurred by the Organization are subject to audit and possible disallowance by the federal grantor agencies. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.



# Gregory, Sharer & Stuart, P.A.

*Certified Public Accountants and Business Consultants*

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Clearwater, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control. Accordingly, we do not express an opinion on the effectiveness of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

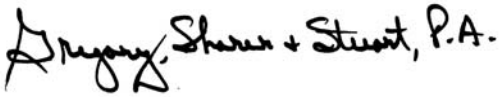
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Gregory, Sharer & Stuart, P.A.**A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." with a stylized flourish at the end.

St. Petersburg, Florida  
June 22, 2016



# Gregory, Sharer & Stuart, P.A.

*Certified Public Accountants and Business Consultants*

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## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance**

Board of Directors  
Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Clearwater, Florida

### **Report on Compliance for Each Major Federal Program**

We have audited Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's major federal programs for the year ended December 31, 2015. Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

## Report on Internal Control over Compliance

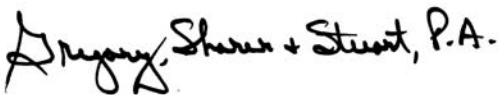
Management of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Gregory, Sharer & Stuart, P.A.**



St. Petersburg, Florida  
June 22, 2016

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2015**

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**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None reported

Noncompliance material to financial statements noted?

	<u>      </u> Yes	<u>  X  </u> No
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*Federal Awards*

Type of auditor's reports issued on compliance for federal awards: Unmodified

Internal control over major federal programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

	<u>      </u> Yes	<u>  X  </u> No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Awards Findings and Questioned Costs**

None reported.

**Section IV - Other Matters**

No summary schedule of prior audit findings is required because there were no prior audit findings.

No corrective action plan is required because there were no findings required to be reported.