

**MF PLACE, INC. dba MY FRIEND'S PLACE
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

JUNE 30, 2015

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R.H. JOHNSTON ACCOUNTANCY INC.

**A Professional Corporation
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Van Nuys, California 91406
(818) 789-4346**

INDEPENDENT AUDITOR'S REPORT

August 5, 2015

Board of Directors
MF Place, Inc. dba My Friend's Place
Hollywood, California

We have audited the accompanying financial statements of MF Place, Inc. dba My Friend's Place (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MF Place, Inc. dba My Friend's Place as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 5 is presented for the purpose 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.

R.H. Johnston Accountancy LLC

**MF PLACE, INC. dba MY FRIEND'S PLACE
(A NONPROFIT ORGANIZATION)**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

ASSETS:

Cash and cash equivalents	\$ 1,471,109
Certificates of deposit	239,952
Grants and contributions receivable (Note B)	450,207
Prepaid expenses	8,990
Property and equipment - Net of accumulated depreciation of \$328,453 (Note C)	<u>805,526</u>

TOTAL ASSETS

\$ 2,975,784

LIABILITIES AND NET ASSETS:

Accounts payable and accrued expenses	<u>\$ 71,374</u>
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NET ASSETS:

Unrestricted	2,218,157
Temporarily restricted (Note D)	<u>686,253</u>
	<u>2,904,410</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 2,975,784

See notes to the financial statements.

**MF PLACE, INC. dba MY FRIEND'S PLACE
(A NONPROFIT ORGANIZATION)**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Grants and contributions	\$ 1,140,644	\$ 760,000	\$ 1,900,644
Event - Net of direct expenses of \$31,581	197,155	-	197,155
Investment income - Net	2,341	-	2,341
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>341,367</u>	<u>(341,367)</u>	<u>-</u>
Total revenue and support	<u>1,681,507</u>	<u>418,633</u>	<u>2,100,140</u>
FUNCTIONAL EXPENSES:			
Program services	1,293,462	-	1,293,462
General and administrative	50,817	-	50,817
Fundraising	<u>88,688</u>	<u>-</u>	<u>88,688</u>
Total functional expenses	<u>1,432,967</u>	<u>-</u>	<u>1,432,967</u>
CHANGE IN NET ASSETS	248,540	418,633	667,173
NET ASSETS - BEGINNING	<u>1,969,617</u>	<u>267,620</u>	<u>2,237,237</u>
NET ASSETS - ENDING	<u>\$ 2,218,157</u>	<u>\$ 686,253</u>	<u>\$ 2,904,410</u>

See notes to the financial statements.

**MF PLACE, INC. dba MY FRIEND'S PLACE
(A NONPROFIT ORGANIZATION)**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Program Services					General & Administrative	Fundraising	Total
	Safe Haven	Transformative Education	Health & Well Being	Cirque du Monde	Total Programs			
Personnel expenses:								
Salaries and wages	\$ 232,902	\$ 213,881	\$ 300,905	\$ 49,235	\$ 796,923	\$ 33,829	\$ 47,127	\$ 877,879
Payroll taxes	20,702	19,360	26,929	4,462	71,453	3,189	4,279	78,921
Group insurance	14,337	13,309	18,557	3,051	49,254	2,204	2,937	54,395
	<u>267,941</u>	<u>246,550</u>	<u>346,391</u>	<u>56,748</u>	<u>917,630</u>	<u>39,222</u>	<u>54,343</u>	<u>1,011,195</u>
Operational expenses:								
Bank charges	-	-	-	-	-	5,034	-	5,034
Depreciation	12,218	12,674	16,930	2,000	43,822	1,940	2,979	48,741
Development	-	-	-	-	-	-	53	53
Direct services:								
Clothing	17,321	-	-	-	17,321	-	-	17,321
DMV ID expense	-	-	1,769	345	2,114	-	-	2,114
Food	51,956	1,231	168	-	53,355	-	-	53,355
Travel	1,289	1,185	3,458	-	5,932	-	-	5,932
Dues & subscriptions	1,231	1,273	1,455	107	4,066	(248)	2,258	6,076
Equipment rentals	1,182	1,169	1,202	109	3,662	39	987	4,688
Insurance	11,508	10,663	13,533	1,739	37,443	1,166	2,408	41,017
Miscellaneous	41	29	59	7	136	8	3	147
Occupancy & building costs	8,512	8,395	9,045	384	26,336	273	364	26,973
Outside services	14,699	9,222	46	10	23,977	6	431	24,414
Postage	1,129	1,189	1,137	47	3,502	36	2,338	5,876
Printing	3,291	3,189	3,368	463	10,311	117	5,840	16,268
Professional services	17,419	16,023	20,083	1,221	54,746	788	7,529	63,063
Repairs & maintenance	9,393	8,135	8,642	329	26,499	540	1,267	28,306
Staff development	525	735	772	179	2,211	548	506	3,265
Supplies	707	699	1,004	65	2,475	47	764	3,286
Taxes & licenses	609	609	609	-	1,827	630	574	3,031
Technology	452	452	452	-	1,356	452	49	1,857
Telephone	6,810	6,649	7,394	494	21,347	219	5,669	27,235
Travel	410	202	355	1	968	-	106	1,074
Volunteer appreciation	107	60	7	-	174	-	220	394
Workshops	18,340	7,627	6,285	-	32,252	-	-	32,252
	<u>\$ 447,090</u>	<u>\$ 337,960</u>	<u>\$ 444,164</u>	<u>\$ 64,248</u>	<u>\$ 1,293,462</u>	<u>\$ 50,817</u>	<u>\$ 88,688</u>	<u>\$ 1,432,967</u>
	31.3%	23.6%	30.9%	4.5%	90.3%	3.5%	6.2%	100.0%

See notes to the financial statements.

**MF PLACE, INC. dba MY FRIEND'S PLACE
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STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 667,173
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	48,741
Change in assets and liabilities:	
Increase in grants and contributions receivable	(322,429)
Decrease in prepaid expenses	10,338
Increase in accounts payable and accrued expenses	<u>2,573</u>
Net cash provided by operating activities:	<u>406,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Decrease in certificates of deposit	339,001
Acquisition of property and equipment	<u>(35,956)</u>
Net cash provided by investing activities	<u>303,045</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	709,441
CASH AND CASH EQUIVALENTS - Beginning of year	<u>761,668</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,471,109</u>

See notes to the financial statements.

**MF PLACE, INC. dba MY FRIEND'S PLACE
(A NONPROFIT ORGANIZATION)**

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

MF Place, Inc. dba My Friend's Place ("Organization") is a nonprofit public benefit organization incorporated 1991. The Organization provides food, clothing, case management, education, and medical assistance for homeless youth in the Hollywood, California area. The Organization is supported primarily through donor contributions and grants.

Financial Statement Presentation

The accompanying financial statements are presented using the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization did not have any permanently restricted net assets at June 30, 2015.

Fair Value of Financial Instruments

Financial instruments include primarily cash and cash equivalents, grants receivable, accounts payable and other current liabilities. Due to the short-term nature of these items, the carrying amounts approximate their fair value.

Accounting for Grants and Pledges

Grants received are recorded as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. Unrestricted grants are recognized as an increase in unrestricted net assets when received. Grants restricted by the donors are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. Additionally, promises to contribute in future periods are recognized as temporarily restricted. When the restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restriction. When restrictions are satisfied in the same accounting period as the receipt of the contribution, the Organization reports both the revenue and the related expense, if any, in the unrestricted net asset class.

Unconditional promises to contribute in future periods are measured at their present value of estimated cash flows at the time of the promise is made. The present value discount is amortized to contribution revenue over the term of the pledge.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

**MF PLACE, INC. dba MY FRIEND'S PLACE
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property and Equipment and Related Depreciation

Property and equipment are stated at cost. The Organization capitalizes expenditures for property and equipment items in excess of \$1,000. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets of ranging from five to thirty years.

Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses are associated with more than one program or supporting service have been allocated among the programs and supporting services benefitted based on management's estimates of time spent on various programs and services.

Income Taxes

The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization is classified by the Internal Revenue Service as other than a private foundation.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2015.

The Organization's Federal Forms 990, Return of Organization Exempt From Income Tax, are subject to examination by the IRS, generally for three years after they are filed, and remain open for the years ended June 30, 2012 through 2014. The California forms 199, California Exempt Organization Annual Information Return, are subject to examination by the Franchise Tax Board, generally for four years after they are filed, and remain open for the years ended June 30, 2011 through 2014.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Concentration of Credit Risk

Items which potentially expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and sources of revenue and support.

**MF PLACE, INC. dba MY FRIEND'S PLACE
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and cash equivalents are placed in high-credit quality financial institutions. At times the amounts on deposit at a bank or brokerage may be in excess of the FDIC or SPIC insurance limits. The Organization has not incurred losses related to the cash and cash equivalents.

During the year ended June 30, 2015, the Organization received 47% of its grants and contributions from six donors.

Date of Management's Review

Subsequent events were evaluated through August 5, 2015, which is the date the financial statements were available to be issued.

B. GRANTS AND CONTRIBUTIONS RECEIVABLE

At June 30, 2015, grants receivable are due to be received as follows:

In less than one year	\$ 230,207
In one to two years	<u>220,000</u>
	<u>\$ 450,207</u>

C. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land and building	\$ 624,617
Improvements	387,719
Furniture, fixtures and equipment	70,684
Transportation equipment	<u>50,959</u>
	1,133,979
Less: Accumulated depreciation	<u>328,453</u>
	<u>\$ 805,526</u>

Depreciation expense for the year ended June 30, 2015 was \$48,741.

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets at June 30, 2015 were available for the following purposes:

Programs	\$ 157,920
General support	<u>528,333</u>
	<u>\$ 686,253</u>

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

E. EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution 403(b) pension plan for its employees. The plan permits employees to contribute up to specific percentages of their compensation. The Organization does not make matching contributions.