

FRIENDS OF NIGHT PEOPLE, INC.
Financial Statements
December 31, 2013
(With Independent Auditors' Report Thereon)

FRIENDS OF NIGHT PEOPLE, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Friends of Night People, Inc.:

Report on the Financial Statements

We have audited the financial statements of Friends of Night People, Inc. which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Night People, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Friends of Night People, Inc.'s 2012 financial statements, and in our report dated April 23, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 2, 2014

FRIENDS OF NIGHT PEOPLE, INC.
Statement of Financial Position
December 31, 2013
with comparative totals for 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and equivalents	\$ 318,077	392,491
Prepaid expenses	10,447	13,798
Investments, at fair value	<u>385,956</u>	<u>239,682</u>
Total current assets	<u>714,480</u>	<u>645,971</u>
Property and equipment, at cost	725,888	650,324
Less accumulated depreciation	<u>(547,658)</u>	<u>(520,020)</u>
Net property and equipment	<u>178,230</u>	<u>130,304</u>
Total assets	<u><u>\$ 892,710</u></u>	<u><u>776,275</u></u>
<u>Liabilities and Net Assets</u>		
Liabilities - accrued expenses	9,127	10,056
Unrestricted net assets	<u>883,583</u>	<u>766,219</u>
Total liabilities and net assets	<u><u>\$ 892,710</u></u>	<u><u>776,275</u></u>

See accompanying notes to financial statements.

FRIENDS OF NIGHT PEOPLE, INC.
Statement of Activities
Year ended December 31, 2013
with comparative totals for 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenue:		
Contributions and grants	\$ 463,786	371,204
Special events revenue	32,011	28,384
In-kind support	178,907	164,443
Investment income	36,394	15,701
Miscellaneous income	<u>1,305</u>	<u>2,345</u>
Total unrestricted revenue	<u>712,403</u>	<u>582,077</u>
Unrestricted expenses:		
Program services	522,760	451,199
Management and general	48,392	39,198
Fundraising	<u>23,887</u>	<u>23,170</u>
Total unrestricted expenses	<u>595,039</u>	<u>513,567</u>
Increase in unrestricted net assets	117,364	68,510
Unrestricted net assets at beginning of year	<u>766,219</u>	<u>697,709</u>
Unrestricted net assets at end of year	<u>\$ 883,583</u>	<u>766,219</u>

See accompanying notes to financial statements.

FRIENDS OF NIGHT PEOPLE, INC.
Statement of Functional Expenses
Year ended December 31, 2013
with comparative totals for 2012

	Program services	Management and general	Fundraising	<u>Total</u>	
				<u>2013</u>	<u>2012</u>
Unrestricted expenses:					
Salaries and wages	\$ 152,380	10,419	-	162,799	143,186
Payroll taxes and employee benefits	<u>41,116</u>	<u>2,811</u>	<u>-</u>	<u>43,927</u>	<u>36,802</u>
Total salaries and related benefits	193,496	13,230	-	206,726	179,988
Meals	205,876	-	-	205,876	182,245
Insurance	13,571	3,393	-	16,964	13,423
Office supplies	2,770	693	-	3,463	4,751
Program supplies	13,653	-	-	13,653	13,973
Postage	-	738	2,951	3,689	3,409
Printing	-	-	9,576	9,576	13,482
Telephone	1,893	473	-	2,366	3,439
Utilities	15,358	3,839	-	19,197	16,753
Professional services	-	13,231	-	13,231	11,164
Trash removal	3,580	-	-	3,580	3,110
Repairs and maintenance	16,923	-	-	16,923	17,096
Bank service charges	4,462	-	-	4,462	3,541
Special events	-	-	11,360	11,360	6,961
Depreciation	22,110	5,528	-	27,638	22,905
Miscellaneous	<u>29,068</u>	<u>7,267</u>	<u>-</u>	<u>36,335</u>	<u>17,327</u>
Total unrestricted expenses	<u>\$ 522,760</u>	<u>48,392</u>	<u>23,887</u>	<u>595,039</u>	<u>513,567</u>

See accompanying notes to financial statements.

FRIENDS OF NIGHT PEOPLE, INC.
Statement of Cash Flows
Year ended December 31, 2013
with comparative totals for 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 117,364	68,510
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation	27,638	22,905
Unrealized gains in investments	(19,925)	(11,967)
Changes in:		
Prepaid expenses	3,351	(4,655)
Accrued expenses	(929)	4,924
Net cash provided by operating activities	<u>127,499</u>	<u>79,717</u>
Cash flows from investing activities:		
Purchase of investments	(126,349)	(41,558)
Additions to property and equipment	<u>(75,564)</u>	<u>(34,446)</u>
Net cash used in investing activities	<u>(201,913)</u>	<u>(76,004)</u>
Net increase (decrease) in cash	(74,414)	3,713
Cash at beginning of year	<u>392,491</u>	<u>388,778</u>
Cash at end of year	<u>\$ 318,077</u>	<u>392,491</u>
Supplemental schedule of non-cash operating activities:		
Donated food	<u>\$ 178,907</u>	<u>164,443</u>
Food expense	<u>\$ 178,907</u>	<u>164,443</u>

See accompanying notes to financial statements.

FRIENDS OF NIGHT PEOPLE, INC.

Notes to Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Friends of Night People, Inc. (the Organization) is a not-for-profit corporation whose purpose is to increase the public's understanding of homelessness and the working poor by working with other voluntary agencies in providing services for people and their associated problems. The Organization operates a soup kitchen which provides hot meals, clothing, assistance and social service referrals for the homeless and working poor.

(b) Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had only unrestricted net assets in 2013 and 2012.

(d) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash

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

(f) Capitalization and Depreciation

Property and equipment are stated at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

FRIENDS OF NIGHT PEOPLE, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

(h) Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time in providing hot meals to the homeless. The value of this contributed time is not reflected in these financial statements because the criteria for recognition under generally accepted accounting principles has not been satisfied. The Organization estimates the fair value of the contributed services received but not recognized as revenue for the years ended December 31, 2013 and 2012 to be as follows:

	<u>2013</u>	<u>2012</u>
Estimated volunteer hours	77,048	61,896
Hourly rate	\$ <u>8.76</u>	<u>8.50</u>
Total contributed services	\$ <u>674,940</u>	<u>526,116</u>

(i) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated between program services and management and general activities.

(j) Subsequent Events

The Organization has evaluated events after December 31, 2013, and through June 2, 2014, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(k) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities. The Organization is not longer subject to tax examination for the years ended December 31, 2009, and prior.

FRIENDS OF NIGHT PEOPLE, INC.
Notes to Financial Statements, Continued

(2) Investments

Financial Investments

The cost and fair value of investments at December 31, 2013 and 2012 were as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Certificates of deposit:				
Maturing August 9, 2014	\$ 41,247	41,247	-	-
Maturing July 21, 2014	25,746	25,746	-	-
Maturing April 17, 2014	23,693	23,693	-	-
Maturing April 18, 2014	28,728	28,728	-	-
Maturing September 1, 2014	27,400	27,400	-	-
Maturing July 18, 2013	-	-	28,610	28,610
Maturing August 21, 2013	-	-	25,699	25,699
Maturing September 8, 2013	-	-	27,401	27,401
Mutual Funds:				
Fidelity Investments				
Dividend Growth Fund	100,740	132,678	73,353	86,771
Fidelity Investments				
Intermediate Government Income Fund	36,407	37,842	35,778	38,325
Fidelity Investments				
Select Technology Fund	11,348	16,823	10,102	12,768
Fidelity Investments				
Capital and Income Fund	26,386	27,144	10,054	10,096
Fidelity Investments				
Corporate Bond Fund	<u>25,685</u>	<u>24,655</u>	<u>10,034</u>	<u>10,012</u>
Total investments	<u>\$ 347,380</u>	<u>385,956</u>	<u>221,031</u>	<u>239,682</u>

FRIENDS OF NIGHT PEOPLE, INC.
Notes to Financial Statements, Continued

(2) Investments, Continued

The fair value of investments is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation or depreciation is included in investment income in the statement of activities. A summary of investment income for the years ended December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 16,469	3,734
Net unrealized gains in fair value of investments	<u>19,925</u>	<u>11,967</u>
	\$ <u>36,394</u>	<u>15,701</u>

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 assets and liabilities are those whose inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Investments held by the Organization are classified as level 1 in the fair value hierarchy.

(3) Property and Equipment

Property and equipment at December 31, 2013 and 2012 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Land, building and improvements	\$ 521,059	477,108
Vehicles	15,534	15,534
Equipment	<u>189,295</u>	<u>157,682</u>
Total property and equipment	725,888	650,324
Less: accumulated depreciation	<u>(547,658)</u>	<u>(520,020)</u>
Net property and equipment	\$ <u>178,230</u>	<u>130,304</u>

FRIENDS OF NIGHT PEOPLE, INC.
Notes to Financial Statements, Continued

(4) In-Kind Donations

The Organization records in-kind support for meals served. Accounting principles generally accepted in the United States of America require recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Most of the services received by the Organization do not meet these criteria. During the years ended December 31, 2013 and 2012, \$178,907 and \$164,443, respectively, were recognized for meals, although volunteers provided about 77,000 and 62,000 hours, respectively, serving meals. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

(5) Retirement Plan

The Organization participates in a simplified employee pension plan for all employees meeting certain employment and compensation requirements. The Organization's contribution is determined annually by the Board of Directors. For the years ended December 31, 2013 and 2012, the Organization contributed a discretionary amount to individual retirement accounts established by the respective employees. The Organization's policy is to fund the current retirement benefit costs accrued which amounted to \$5,000 for the years ended December 31, 2013 and 2012.