

PRELIMINARY

**FRIENDS OF THE VA PUGET SOUND
FISHER HOUSE**

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2016 AND 2015**

PRELIMINARY

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January 6, 2017

INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of the VA Puget Sound Fisher House
Seattle, Washington

We have audited the accompanying financial statements of Friends of the VA Puget Sound Fisher House (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016, and 2015, and the related statements of activities, changes in net assets, 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 controls 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Board of Directors
Friends of the VA Puget Sound Fisher House
Seattle, Washington

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the VA Puget Sound Fisher House as of September 30, 2016, and 2015, 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.

Very truly yours,

Mahrt & Associates, PLLC

Mahrt & Associates, PLLC
Federal Way, Washington

**FRIENDS OF THE VA PUGET SOUND FISHER HOUSE
STATEMENTS OF FINANCIAL POSITION**

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		As of	
		September 30,	
		<u>2016</u>	<u>2015</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$	<u>434,337</u>	\$ <u>421,495</u>
Total Assets	\$	<u>434,337</u>	\$ <u>421,495</u>
LIABILITIES AND UNRESTRICTED NET ASSETS			
Current Liabilities			
Accrued Payroll Taxes	\$	1,081	\$ 1,986
Unallocated Payments Due to an Affiliated Organization		<u>-0-</u>	<u>100,000</u>
Total Current Liabilities		1,081	101,986
Net Assets			
Unrestricted		<u>433,256</u>	<u>319,509</u>
Total Liabilities and Unrestricted Net Assets	\$	<u>434,337</u>	\$ <u>421,495</u>

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**FRIENDS OF THE VA PUGET SOUND FISHER HOUSE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	For The Years Ended	
	September 30,	
	<u>2016</u>	<u>2015</u>
Support, Revenue and Interest Income		
Contributions	\$ 347,228	\$ 337,566
Interest Income	204	164
Total Unrestricted Revenues	<u>347,432</u>	<u>337,730</u>
Expenses		
Program	177,385	231,998
Administration	39,008	29,847
Fundraising	17,292	19,897
Total Expenses	<u>233,685</u>	<u>281,742</u>
Changes in Unrestricted Net Assets	113,747	55,988
Net Assets - Beginning of Year	<u>319,509</u>	<u>263,521</u>
Net Assets - End of Year	<u>\$ 433,256</u>	<u>\$ 319,509</u>

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**FRIENDS OF THE VA PUGET SOUND FISHER HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Administrative Services	\$ 24	\$ 2,085	\$ -0-	\$ 2,109
Awareness	85	-0-	-0-	85
Bank Fees	-0-	1,197	-0-	1,197
Donation Sharing	45,764	-0-	-0-	45,764
Dues and Subscriptions	257	537	-0-	794
Fundraising	-0-	-0-	14	14
House Support	99,469	-0-	1,067	100,536
Insurance	-0-	1,614	-0-	1,614
License and Permits	-0-	112	-0-	112
Office Supplies	-0-	1,799	-0-	1,799
Payroll Taxes	2,095	1,047	1,047	4,189
Postage	-0-	730	-0-	730
Printing and Copying	5,044	5,978	2,948	13,970
Professional Services	-0-	11,739	-0-	11,739
Salary	24,075	12,037	12,038	48,150
Website Service	572	133	178	883
	<u>\$ 177,385</u>	<u>\$ 39,008</u>	<u>\$ 17,292</u>	<u>\$ 233,685</u>

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**FRIENDS OF THE VA PUGET SOUND FISHER HOUSE
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Administrative Services	\$ -0-	\$ 2,151	\$ -0-	\$ 2,151
Bank Fees	4	993	-0-	997
Dues and Subscriptions	154	-0-	-0-	154
Fundraising	-0-	-0-	246	246
Grant Expense	100,000	-0-	-0-	100,000
House Support	95,393	-0-	-0-	95,393
Insurance	-0-	1,614	-0-	1,614
Licenses and Permits	-0-	120	-0-	120
Office Supplies	4,289	2,213	-0-	6,502
Payroll Taxes	2,178	1,780	1,089	5,047
Postage	-0-	2,176	-0-	2,176
Printing and Copying	7,143	-0-	7,143	14,286
Professional Services	-0-	6,813	-0-	6,813
Salary	22,837	11,403	11,419	45,659
Travel and Meals	-0-	584	-0-	584
	<u>\$ 231,998</u>	<u>\$ 29,847</u>	<u>19,897</u>	<u>\$ 281,742</u>

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**FRIENDS OF THE VA PUGET SOUND FISHER HOUSE
STATEMENTS OF CASH FLOWS**

	For The Years Ended	
	September 30,	
	2016	2015
Cash Flows From Operating Activities		
Changes in Unrestricted Net Assets	\$ 113,747	\$ 55,988
Provided by Operating Activities:		
Increase (Decrease) in Current Liabilities	<u>(100,905)</u>	<u>99,706</u>
Changes in Cash and Cash Equivalents	12,842	155,694
Cash and Cash Equivalents, Beginning of Year	<u>421,495</u>	<u>265,801</u>
Cash and Cash Equivalents, End of Year	\$ <u>434,337</u>	\$ <u>421,495</u>

NOTE 1 - ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Friends of the VA Puget Sound Fisher House (the “Organization”) was established and recognized as an exempt nonprofit 501(c)(3) organization by the Internal Revenue Service effective September 2006. The organization’s primary purpose is to provide goods and services and extra amenities that may not normally be available at the VA Puget Sound Fisher House. Consistent with those purposes, the Organization assists in raising funds to defray the cost of operations of the house.

Basis of Accounting - The accounts of Friends of the VA Puget Sound Fisher House are maintained in accordance with the accrual basis of accounting.

Federal Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the Organization’s management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization’s management believes it is no longer subject to income tax examinations for years prior to 2012.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of financial position and cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions - Contributions received or receivable are recorded as unrestricted, temporarily restricted, or permanently restricted.

Donated Inventory and Services - The Organization does not normally receive donated inventory and services. These items are donated directly to the VA Puget Sound Fisher House.

Revenue Recognition - Revenue is recorded when the funds are received. Primary sources of revenue are from corporate and individual contributions

Property and Equipment - Purchased property and equipment are stated at cost. The Organization does not have a formal capitalization policy but has expensed fixed assets under \$1,000. No assets were capitalized in the years ending September 30, 2016 and 2015.

**FRIENDS OF THE VA PUGET SOUND FISHER HOUSE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Date of Management's Review - Subsequent events have been evaluated through January 6 2017, which is the date the financial statements were available to be issued.

NOTE 2 - RECLASSIFICATIONS

Certain amounts in the 2015 financial statements have been reclassified, where appropriate, to conform to the financial presentation in 2016.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits with its bank that at times may exceed the insurance provided by the Federal Deposit Insurance Corporation of \$250,000 per institution.

NOTE 4 - UNALLOCATED PAYMENTS TO AN AFFILIATED ORGANIZATION

For fiscal years in which the board determines the Organization is holding sufficient cash reserves, a donation will be made to the Fisher House Foundation, an affiliated organization. Payments to the Fisher House Foundation totaled -0- and \$100,000 for the years ended September 30, 2016 and September 30, 2015, respectively.

NOTE 5 - SCHEDULE OF CASH

Cash consisted of the following:

	2016	2015
Payroll Account	\$ 33,145	\$ 35,984
Checking Account	377,775	385,227
Debit Account	23,417	284
	434,337	421,495

NOTE 6 - COMPENSATED ABSENCES

No compensated absences have been accrued for the years ended September 30, 2016 or 2015 as the employee's contract is silent in this regard.

