



**ALPHA HOUSE OF TAMPA, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

# ALPHA HOUSE OF TAMPA, INC.

## FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Alpha House of Tampa, Inc.  
Tampa, Florida

We have audited the accompanying financial statements of Alpha House of Tampa, Inc. (Alpha House), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, statements of functional expenses, and statements of 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 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 Alpha House 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2016, on our consideration of Alpha House'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 Alpha House's internal control over financial reporting and compliance.

*Becker & Associates, PA*

Certified Public Accountants  
March 4, 2016

**ALPHA HOUSE OF TAMPA, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 165,663	\$ 208,552
Grants receivable	97,196	121,082
Other accounts receivable	-	29,924
Prepaid expenses	23,291	12,253
<b>Total Current Assets</b>	<u>286,150</u>	<u>371,811</u>
Beneficial interest in funds held in trust by others	545,488	595,593
Property and equipment, net of accumulated depreciation	<u>1,985,441</u>	<u>2,070,510</u>
<b>Total Noncurrent Assets</b>	<u>2,530,929</u>	<u>2,666,103</u>
<b>Total Assets</b>	<u>\$ 2,817,079</u>	<u>\$ 3,037,914</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 44,116	\$ 41,447
Deferred revenue	92,948	65,000
Current maturities of capital lease obligation	<u>1,927</u>	<u>1,852</u>
<b>Total Current Liabilities</b>	138,991	108,299
Capital lease obligation	6,266	8,193
Payable to the City of Tampa	<u>14,260</u>	<u>38,960</u>
<b>Total Liabilities</b>	<u>159,517</u>	<u>155,452</u>
<b>Net Assets</b>		
Unrestricted, undesignated	149,086	265,364
Unrestricted, invested in property and equipment	1,962,988	2,021,505
Unrestricted, board designated	<u>545,488</u>	<u>595,593</u>
<b>Total Unrestricted Net Assets</b>	2,657,562	2,882,462
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
<b>Total Net Assets</b>	<u>2,657,562</u>	<u>2,882,462</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,817,079</u>	<u>\$ 3,037,914</u>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.

**ALPHA HOUSE OF TAMPA, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>Revenue and Support</b>		
Special events revenues	\$ 14,516	\$ 38,004
Less: direct cost of special events	(3,706)	(8,214)
Total special events, net of direct costs	10,810	29,790
U.S. Department of Housing and Urban Development	438,880	421,062
Children's Board of Hillsborough County	379,385	398,687
Foster Care grants and contracts	107,879	296,691
Foundation grants	205,186	228,699
United Way	138,822	145,855
Hillsborough County BOCC	41,369	41,368
In-kind contributions	60,746	47,689
Cash contributions	115,083	110,779
Investment return, net of expenses	(25,535)	5,241
Gain (loss) on the disposal of property and equipment	1,500	(1,053)
	1,463,315	1,695,018
Net assets released from restrictions	-	30,000
<b>Total Revenues and Support</b>	<b>1,474,125</b>	<b>1,754,808</b>
<b>Expenses</b>		
<i>Program Services</i>		
Maternity Residence	729,645	709,651
Parents as Teachers	443,198	495,103
Transitional Housing	271,202	267,032
<b>Total Program Services</b>	<b>1,444,045</b>	<b>1,471,786</b>
<i>Support Services</i>		
Administrative	107,637	111,831
Fundraising	147,343	154,026
<b>Total Support Services</b>	<b>254,980</b>	<b>265,857</b>
<b>Total Expenses</b>	<b>1,699,025</b>	<b>1,737,643</b>
Change in Unrestricted Net Assets	(224,900)	17,165
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	-	-
Net assets released from restrictions	-	(30,000)
Change in Temporarily Restricted Net Assets	-	(30,000)
<b>CHANGE IN NET ASSETS</b>	<b>(224,900)</b>	<b>(12,835)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,882,462</b>	<b>2,895,297</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,657,562</b>	<b>\$ 2,882,462</b>

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**ALPHA HOUSE OF TAMPA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>PROGRAM SERVICES</b>			
	<b>MATERNITY RESIDENCE</b>	<b>PARENTS AS TEACHERS</b>	<b>TRANSITIONAL HOUSING</b>	<b>TOTAL PROGRAM SERVICES</b>
Salaries and related expenses	\$ 459,154	\$ 265,441	\$ 162,438	\$ 887,033
Employee benefits	32,579	38,168	11,710	82,457
Other employee costs	652	4,771	-	5,423
Total salaries and related expenses	492,385	308,380	174,148	974,913
Occupancy	50,441	30,952	17,196	98,589
Repairs and maintenance	31,757	19,487	10,826	62,070
In-kind expenses	-	7,500	27,615	35,115
Supplies	7,536	1,486	935	9,957
Direct client assistance	23,100	155	1,021	24,276
Insurance	14,283	8,764	4,869	27,916
Professional fees	36,064	22,130	12,295	70,489
Information technology	8,650	5,308	2,949	16,907
Travel and meetings	86	3,194	-	3,280
Transportation	9,271	-	-	9,271
Printing and postage	-	-	-	-
Dues and subscriptions	-	1,840	-	1,840
Miscellaneous	661	-	458	1,119
Total expenses before depreciation	674,234	409,196	252,312	1,335,742
Depreciation	55,411	34,002	18,890	108,303
Total expenses	\$ 729,645	\$ 443,198	\$ 271,202	\$ 1,444,045

<b>SUPPORT SERVICES</b>			<b>TOTAL PROGRAM AND SUPPORT SERVICES</b>
<b>ADMINISTRATIVE</b>	<b>FUNDRAISING</b>	<b>TOTAL SUPPORT SERVICES</b>	
\$ 55,765	\$ 97,756	\$ 153,521	\$ 1,040,554
2,781	1,797	4,578	87,035
2,692	269	2,961	8,384
61,238	99,822	161,060	1,135,973
5,732	10,317	16,049	114,638
3,609	6,496	10,105	72,175
25	-	25	35,140
6,879	1,257	8,136	18,093
1,650	-	1,650	25,926
1,623	2,922	4,545	32,461
4,098	7,377	11,475	81,964
983	1,770	2,753	19,660
5,740	225	5,965	9,245
1,094	-	1,094	10,365
3,419	3,031	6,450	6,450
919	2,399	3,318	5,158
4,331	393	4,724	5,843
101,340	136,009	237,349	1,573,091
6,297	11,334	17,631	125,934
<u>\$ 107,637</u>	<u>\$ 147,343</u>	<u>\$ 254,980</u>	<u>\$ 1,699,025</u>

Read Report of Independent Certified Public Accountants.  
The accompanying notes are an integral part  
of these financial statements.



**ALPHA HOUSE OF TAMPA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>PROGRAM SERVICES</b>			
	<b>MATERNITY RESIDENCE</b>	<b>PARENTS AS TEACHERS</b>	<b>TRANSITIONAL HOUSING</b>	<b>TOTAL PROGRAM SERVICES</b>
Salaries and related expenses	\$ 441,617	\$ 345,124	\$ 135,597	\$ 922,338
Employee benefits	33,908	58,967	9,885	102,760
Other employee costs	2,782	3,941	-	6,723
Total salaries and related expenses	478,307	408,032	145,482	1,031,821
Occupancy	50,898	27,090	21,446	99,434
Repairs and maintenance	16,284	12,236	9,687	38,207
In-kind expenses	-	-	42,164	42,164
Supplies	24,001	5,310	5,711	35,022
Direct client assistance	41,451	-	811	42,262
Insurance	12,883	7,540	5,969	26,392
Professional fees	9,325	-	9,325	18,650
Information technology	8,199	4,800	3,800	16,799
Travel and meetings	-	-	-	-
Transportation	18,428	-	-	18,428
Printing and postage	-	-	-	-
Bad debt	-	-	-	-
Dues and subscriptions	-	-	-	-
Miscellaneous	1,026	1,500	-	2,526
Total expenses before depreciation	660,802	466,508	244,395	1,371,705
Depreciation	48,849	28,595	22,637	100,081
Total expenses	\$ 709,651	\$ 495,103	\$ 267,032	\$ 1,471,786

<b>SUPPORT SERVICES</b>			<b>TOTAL PROGRAM AND SUPPORT SERVICES</b>
<b>ADMINISTRATIVE</b>	<b>FUNDRAISING</b>	<b>TOTAL SUPPORT SERVICES</b>	
\$ 55,307	\$ 90,057	\$ 145,364	\$ 1,067,702
2,948	1,638	4,586	107,346
1,819	50	1,869	8,592
60,074	91,745	151,819	1,183,640
9,030	9,030	18,060	117,494
4,079	4,079	8,158	46,365
-	-	-	42,164
1,177	1,272	2,449	37,471
-	-	-	42,262
2,513	2,513	5,026	31,418
12,230	10,800	23,030	41,680
1,600	1,600	3,200	19,999
2,586	169	2,755	2,755
-	-	-	18,428
2,661	1,771	4,432	4,432
-	17,569	17,569	17,569
2,124	-	2,124	2,124
4,225	3,946	8,171	10,697
102,299	144,494	246,793	1,618,498
9,532	9,532	19,064	119,145
<u>\$ 111,831</u>	<u>\$ 154,026</u>	<u>\$ 265,857</u>	<u>\$ 1,737,643</u>

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of these statements.

**ALPHA HOUSE OF TAMPA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (224,900)	\$ (12,835)
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	125,934	119,145
In-kind contribution - release of mortgage	(24,700)	-
Net (gain) loss on funds held in trust by others	25,535	(5,241)
Donated property and equipment	-	(3,500)
Release of capital lease obligation	-	(759)
(Gain) Loss on disposal of property and equipment	(1,500)	1,053
(Increase) decrease in grants receivable	23,886	(12,686)
(Increase) decrease in other accounts receivable	29,924	-
(Increase) decrease in prepaid expenses	(11,038)	(2,009)
Increase (decrease) in accounts payable and accrued expenses	2,669	(706)
Increase (decrease) in deferred revenue	27,948	65,000
	198,658	160,297
Total Adjustments	198,658	160,297
Net Cash Provided (Used) by Operating Activities	(26,242)	147,462
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash payments for the purchase of property and equipment	(40,865)	(131,067)
Proceeds from the sale of property and equipment	1,500	-
Transfers from Endowment	24,570	25,422
	(14,795)	(105,645)
Net Cash Provided (Used In) Investing Activities	(14,795)	(105,645)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on capital lease obligations	(1,852)	(2,116)
	(1,852)	(2,116)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(42,889)	39,701
<b>Cash and cash equivalents, beginning of year</b>	208,552	168,851
<b>Cash and cash equivalents, end of year</b>	\$ 165,663	\$ 208,552
<b>Non-cash and supplemental disclosure of cash flow information:</b>		
Assets acquired under capital lease obligation	\$ -	\$ 10,045
Release of capital lease obligation	\$ -	\$ 759
Disposal of fully depreciated property and equipment	\$ 24,827	\$ 7,872
Interest paid	\$ 137	\$ 165
In-kind contribution - release of mortgage	\$ 24,700	\$ -

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of these financial statements.

**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE A – DESCRIPTION OF ALPHA HOUSE**

Alpha House of Tampa, Inc. (Alpha House) is a nonprofit entity incorporated on March 7, 1986 under the laws of the State of Florida to serve pregnant women in crisis and their families. Alpha House offers homeless pregnant women and mothers with young children safe housing and the tools they need to become self-sufficient and effective responsible parents. The following is a description of the programs provided by Alpha House:

**Maternity Residence**

Pregnant women and foster care teens are provided with safe housing along with an array of pre and post natal services while living at Alpha House. Foster care teens may stay at Alpha House with their infant for an indefinite period of time. Our young adults often progress to our Semi-Independent or Transitional Programs after the delivery of their healthy baby. Service delivery is based on a case plan comprised of five components of care: mental health counseling, social rehabilitative counseling, life skills management, vocational assistance, and collateral services. School-age mothers are required to be in school during the day. Afternoons and evenings offer a wide variety of classes including labor & delivery, nutrition, motivational classes, individual and group trauma counseling, women’s health issues, child care and parenting skills, etc.

**Transitional Housing**

Transitional housing is for mothers 18 years and older and their child(ren). Three cottages/single family homes are available which provide residence to eight families. In addition, The Rosalie Center offers eight additional two-bedroom efficiency apartments for women and children who come to Alpha House meeting the federal guidelines for homelessness.

**Parents As Teachers**

This onsite program provides ongoing ages, stages, and child development assessments to all of our children in order to assure that our babies and toddlers are on target with their growth and development. This program also includes ongoing parent participation and training to include infant massage, Born to Read classes, attachment and bonding guidance and other “hands on” opportunities for our moms of all ages.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Alpha House and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Alpha House and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Alpha House. Generally the donors of these assets permit Alpha House to use all or part of the Income earned on any related investment for general or specific purposes.

Alpha House had no permanently restricted net assets at December 31, 2015 or 2014.

**Estimates**

The preparation of the 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**

Alpha House considers currency on hand, demand deposits and money market funds as cash. Cash equivalents would consist of highly liquid debt instruments purchased with maturities of three months or less.

**Investments**

Investments are reported at fair value based on quoted market value with unrealized gains and losses included in changes in net assets.

**Pledges Receivable**

Contributions are recognized when the donor makes a promise to give to the Alpha House that is, in substance, unconditional. Alpha House had a New Lives Breakfast fund raising campaign from 2002 through 2011. Campaign participants were solicited for five year pledges. Long-term contributions to be received in future periods were discounted to present value. In 2014, the pledge receivable balance was written off and \$17,569 was recognized as pledge loss expense. Alpha House recorded no pledges for 2015 or 2014.

**Grants Receivable**

Grants receivable result from services which have been provided pursuant to Alpha House's grants and contracts, but for which reimbursement has not yet been received at December 31, 2015 and 2014. No allowance was set up for federal and state grants as any amounts determined unallowable by the grantor are deducted from revenue upon notification of the disallowance. No material amounts were subsequently disallowed with respect to the amounts recorded at December 31, 2015 and 2014.

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Federal and State Grants and Contracts**

Revenues from federal and state grants and contracts are recorded based upon terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. For the year ended December 31, 2015, federal and state grants and contracts were 65% of total revenue with 84% of the funding from two agencies (45% and 39%). For the year ended December 31, 2014, federal and state grants and contracts were 68% of total revenue with 70% of the funding from two agencies (36% and 34%).

**Property and Equipment**

Acquisitions of property and equipment benefiting more than one period are capitalized, recorded at historical cost, and depreciated using the straight-line method over the estimated useful lives ranging from 3 to 40 years. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in earnings. Depreciation expense for the years ended December 31, 2015 and 2014 was \$125,934 and \$119,145, respectively.

**Donated Services**

Contributions of services are recognized if the services received (a) create or enhance capital assets, or (b) are provided by entities that normally provide those services for compensation and are substantially the same services normally purchased by Alpha House. A substantial number of unpaid volunteers have made significant contributions of their time to develop and maintain Alpha House's programs and fundraising campaigns. No amounts have been reported in the financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

During the years ended December 31, 2015 and 2014, the residents of Alpha House received approximately \$35,115 and \$42,200, respectively, of donated specialized medical laboratory services. These services were used in the operations of the transitional housing program.

**Functional Allocation of Expenses**

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Expenses that are associated with a specific program are charged directly to that program. Expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses are allocated to the various programs and supporting services based on each program's total labor cost.

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Tax Status**

Income taxes are not provided for in the financial statements since Alpha House is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. Alpha House is treated as a public supported organization, and not as a private foundation. Management is not aware of any activities that would jeopardize Alpha House's tax-exempt status.

Alpha House accounts for uncertain tax positions, if any, in accordance with ASC Section 740. In accordance with these professional standards, Alpha House recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the years ended December 31, 2015 and 2014.

Alpha House believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on Alpha House's financial condition, results of operations or cash flows. Accordingly, Alpha House has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2015 and 2014.

Alpha House is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Alpha House believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2012.

Alpha House's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

**Fair Value of Financial Instruments**

Professional standards require disclosure of an estimate of fair value of certain financial instruments. Alpha House's significant financial instruments are cash, money market funds and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**Concentration of Credit Risk**

Financial instruments which potentially subject Alpha House to concentrations of credit risk consist principally of cash and money market funds. Alpha House places its deposits with creditworthy, high quality financial institutions. Alpha House has not experienced any losses from its deposits. Alpha House's deposits held with financial institutions did not exceed federally insured limits of \$250,000 as of December 31, 2015 and 2014.

**Reclassification**

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE C – BENEFICIAL INTEREST IN FUNDS HELD IN TRUST BY OTHERS**

The Community Foundation of Tampa Bay holds funds for which the earnings have been restricted for the benefit of Alpha House. Assets contributed to the Community Foundation for the benefit of Alpha House are recorded as assets of Alpha House in accordance with professional standards. These “agency restricted funds” are pooled with the other assets of the Community Foundation for investment purposes.

“Agency restricted funds” which were established for Alpha House within the Community Foundation had fair market values of \$545,488 and \$595,593 as of December 31, 2015 and 2014 and are recorded as unrestricted assets.

At December 31, 2015 and 2014, the Community Foundation held \$886,677 and \$998,579 in designated funds for the benefit of the Alpha House. The Community Foundation has full variance power for directing the use of these funds. As a result, these funds are not recorded on Alpha House's financial statements.

**NOTE D – FAIR VALUE MEASUREMENTS**

Professional standards establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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). The three levels of the fair value hierarchy are described below:

**Level 1**

- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Alpha House has the ability to access.

**Level 2**

- Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3**

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable input and minimize the use of unobservable input and minimize the use of unobservable inputs.

Read Report of Independent Certified Public Accountants.



**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE D – FAIR VALUE MEASUREMENTS (continued)**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Alpha House believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, Alpha House's assets at fair value at December 31, 2015:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in funds held in trust by others	<u>\$ 545,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,488</u>

Fair values of assets measured on a recurring basis at December 31, 2014 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in funds held in trust by others	<u>\$ 595,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,593</u>

Fair Value Measurements Using Significant Unobservable Inputs (Level) 3:

January 1, 2014	\$ 615,774
Grants used for programs	(25,422)
Realized and unrealized gains or losses	<u>5,241</u>
December 31, 2014	595,593
Grants used for programs	(24,570)
Realized and unrealized gains or losses	<u>(25,535)</u>
December 31, 2015	<u>\$ 545,488</u>

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE D – FAIR VALUE MEASUREMENTS (continued)**

Investment return consists of the following for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 33,587	\$ 25,665
Realized and unrealized gains (losses)	(55,069)	(15,937)
	(21,482)	9,728
Less: investment expenses	(4,053)	(4,487)
	<u>\$ (25,535)</u>	<u>\$ 5,241</u>

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment, at costs, at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 560,512	\$ 560,512
Buildings	2,454,529	2,454,529
Furniture and fixtures	237,138	237,138
Equipment	318,128	277,264
Vehicles		
	<u>15,833,833</u>	<u>40,659</u>
Total property and equipment	3,586,140	3,570,102
Less: accumulated depreciation	<u>(1,600,699)</u>	<u>(1,499,592)</u>
Net property and equipment	<u>\$1,985,441</u>	<u>\$2,070,510</u>

**NOTE F – ENDOWMENT**

Alpha House has funds invested with the Community Foundation of Tampa Bay. Although the donors did not restrict the gifts, the Board designated the funds for endowment purposes. Monies designated by the Board to the endowment are unrestricted, and a portion of the fair value (4%-7%) is drawn each year to provide funding for program services for Alpha House.

Endowment Net Asset Composition by Type of Fund as of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated Endowment funds	\$ 545,488	\$ -	\$ -	\$ 545,488

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE F – ENDOWMENT (continued)**

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 595,593	\$ -	\$ -	\$ 595,593
Contributions	-			-
Funds used for programs	(24,570)	-	-	(24,570)
Investment Income	29,534	-	-	29,534
Net appreciation (realized and unrealized)	(55,069)	-	-	(55,069)
Endowment net assets, end of year	<u>\$ 545,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,488</u>

Endowment Net Asset Composition by Type of Fund as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated Endowment funds	<u>\$ 595,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,593</u>

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 615,774	\$ -	\$ -	\$ 615,774
Contributions	-	-	-	-
Funds used for programs	(25,422)	-	-	(25,422)
Investment Income	21,178	-	-	21,178
Net appreciation (realized and unrealized)	(15,937)	-	-	(15,937)
Endowment net assets, end of year	<u>\$ 595,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,593</u>

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.  
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**NOTE F – ENDOWMENT (continued)**

**Interpretation of Relevant Law**

The Board of Directors has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by Alpha House for the donor's intended purpose. In accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), Alpha House considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The purposes of the organization and the donor-restricted endowment fund
- 2) General economic conditions
- 3) The possible effect of inflation and deflation
- 4) The expected total return from income and the appreciation of investments
- 5) Other resources of the organization
- 6) The duration and preservation of the endowment fund

**Return Objectives and Risk Parameters**

Assets contributed to the Community Foundation for the benefit of Alpha House are recorded as assets of Alpha House in accordance with professional standards. These "agency restricted funds" are pooled with the other assets of the Community Foundation for investment purposes.

**Spending Policy**

The Community Foundation can make yearly grants to Alpha House of 4% to 7% of the fund's fair value, depending on the average annual return for the prior three calendar years, upon written request from Alpha House. For the years ended December 31, 2015 and 2014, Alpha House withdrew \$24,570 and \$25,422, respectively.

**NOTE G – PAYABLE TO CITY OF TAMPA**

Alpha House received loans from the City of Tampa for three properties. Repayment of these loans is deferred while Alpha House remains the fee-simple owner and is the occupier of certain property. During the deferment period, Alpha House is not required to pay interest to the City. Interest expense, recorded at prime rate (3.50% at December 31, 2015 and 3.25% at 2014) was \$931 at December 31, 2015 and \$1,266 at 2014.

**NOTE H – CAPITAL LEASE OBLIGATION**

Alpha House leases copying equipment that extends to the end of the equipment's useful life. During 2014, Alpha House entered into a new agreement when the existing agreement terminated. This agreement has been accounted for as a capital lease.

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**NOTE H – CAPITAL LEASE OBLIGATION (continued)**

As of December 31, 2015 and 2014, the capitalized lease obligation consists of:

	<u>2015</u>	<u>2014</u>
Capitalized lease obligation	\$ 8,193	\$ 10,045
Current portion	<u>(1,927)</u>	<u>(1,852)</u>
Long-term portion	<u>\$ 6,266</u>	<u>\$ 8,193</u>

Future minimum lease payments on the capital lease are as follows as of December 31, 2015:

Year ended December 31,	
2017	\$2,006
2018	2,087
2019	2,173

**NOTE I – RETIREMENT PLAN**

Alpha House has a 401(k) tax-deferred retirement plan that is available to all part-time and full-time employees who choose to participate. Alpha House matches 50% of salary deferral up to \$1,000 per participating employee per calendar year. Employees vest in Alpha House's match at the rate of 20% per year over five years. At December 31, 2015 and 2014, the amount of contribution expense is \$3,284 and \$3,000, respectively. Administrative amounts were immaterial.

**NOTE J – COMMITMENTS AND CONTINGENCIES**

Alpha House receives reimbursement funds from government agencies that are subject to special compliance audits by the agency and other third party agencies that provide these reimbursements. The results of these audits may result in disallowed expense amounts. Disallowed amounts, if any, would constitute a contingent liability to Alpha House. Accordingly, such liabilities are not reflected in the financial statements. Alpha House does not believe there are any contingent liabilities as of the year ended December 31, 2015.

**Line of credit**

During the years ended December 31, 2015 and 2014, Alpha House had available a revolving line of credit in the amount of \$275,000. The agreement expires on July 26, 2016. Borrowings under the agreement are payable in monthly installments of interest only. Interest rates on the line of credit are 1.5% over prime rate with a floor of 4.75%. The line of credit is secured by real properties owned by Alpha House. At December 31, 2015 and 2014, there were no amounts outstanding on the line of credit.

Read Report of Independent Certified Public Accountants.

**ALPHA HOUSE OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE K – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 4, 2016, the date the financial statements were available to be issued.

Read Report of Independent Certified Public Accountants.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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  
Alpha House of Tampa, Inc.  
Tampa, Florida

We have audited, in accordance with the 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 Alpha House of Tampa, Inc. (Alpha House), which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated March 4, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alpha House'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpha House's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpha House'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 Alpha House'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 Alpha House's financial statements are free from material misstatement, we performed tests of its 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 Alpha House's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alpha House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
March 4, 2016