

MEN'S SHELTER OF CHARLOTTE, INC.

FINANCIAL STATEMENTS
JUNE 30, 2015

MEN'S SHELTER OF CHARLOTTE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Men's Shelter of Charlotte, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Men's Shelter of Charlotte, Inc., (the "the Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses 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 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 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 of 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 in the first paragraph present fairly, in all material respects, the financial position of Men's Shelter of Charlotte, Inc., 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and our report dated February 3, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.


February 15, 2016

MEN'S SHELTER OF CHARLOTTE, INC.**Statement of Financial Position****June 30, 2015, with prior year comparative totals**

	June 30,	
	2015	2014
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 497,994	\$ 418,393
Grants Receivable:		
United Way	359,605	348,264
Other	202,557	280,040
Pledges receivable, net	235,942	39,930
Other receivables	36,279	30,632
Prepaid expenses	41,029	57,431
Other assets	9,657	8,309
Total Current Assets	1,383,063	1,182,999
Property and Equipment (net of depreciation and amortization)	2,045,973	2,045,705
Non-Current Assets:		
Pledges receivable	321,568	-
Investments held for long-term purposes	12,933	12,933
Total Non-Current Assets	334,501	12,933
TOTAL	\$ 3,763,537	\$ 3,241,637
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 49,869	\$ 30,027
Payroll liabilities	87,961	70,972
Total Current Liabilities	137,830	100,999
Long-Term Liabilities:		
Notes payable, net of discount	1,081,571	1,065,970
Total Long-Term Liabilities	1,081,571	1,065,970
Net Assets:		
Unrestricted	1,412,485	1,405,960
Temporarily restricted	1,131,651	668,708
Total Net Assets	2,544,136	2,074,668
TOTAL	\$ 3,763,537	\$ 3,241,637

MEN'S SHELTER OF CHARLOTTE, INC.

Statement of Activities

Year Ended June 30, 2015, with prior year comparative totals

	Year Ended June 30, 2015			Prior Year Comparative Totals
	Unrestricted	Temporarily Restricted	TOTALS	
<u>SUPPORT AND REVENUE</u>				
Support:				
Contributions and grants	\$ 1,612,788	\$ 684,577	\$ 2,297,365	\$ 1,537,735
Donated goods	879,472	-	879,472	566,345
United Way	35,094	359,605	394,699	390,957
Revenue:				
Governmental agencies	1,182,751	-	1,182,751	1,023,816
Investment income	-	-	-	1,656
Loss on disposal of assets	(2,616)	-	(2,616)	-
Other	524	-	524	5,752
Net assets released:				
By payment	193,815	(193,815)	-	-
By time	387,424	(387,424)	-	-
<i>TOTAL</i>	<i>4,289,252</i>	<i>462,943</i>	<i>4,752,195</i>	<i>3,526,261</i>
<u>EXPENSES</u>				
Program Services:				
Emergency services	2,989,492	-	2,989,492	2,437,200
Housing services	511,540	-	511,540	313,658
Employment SOAR	94,831	-	94,831	87,201
Total Program Services	3,595,863	-	3,595,863	2,838,059
Management and general	309,075	-	309,075	275,967
Fundraising	377,789	-	377,789	319,804
<i>TOTAL</i>	<i>4,282,727</i>	<i>-</i>	<i>4,282,727</i>	<i>3,433,830</i>
<i>CHANGE IN NET ASSETS</i>	<i>6,525</i>	<i>462,943</i>	<i>469,468</i>	<i>92,431</i>
<i>NET ASSETS, BEGINNING</i>	<i>1,405,960</i>	<i>668,708</i>	<i>2,074,668</i>	<i>1,982,237</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 1,412,485</i>	<i>\$ 1,131,651</i>	<i>\$ 2,544,136</i>	<i>\$ 2,074,668</i>

MEN'S SHELTER OF CHARLOTTE, INC.

Statement of Functional Expenses

Year Ended June 30, 2015, with prior year comparative totals

	PROGRAM SERVICES			
	Emergency Services		Case	
	Tryon Campus	Statesville Campus	Management Services	Employment SOAR
<u>SALARIES AND BENEFITS</u>				
Salaries	\$ 532,306	\$ 434,379	\$ 215,732	\$ 64,286
Health insurance	34,387	32,225	25,522	6,043
Payroll taxes	49,097	40,902	20,248	7,007
Workmen's compensation insurance	68,827	49,627	13,152	3,467
All other employee benefits	3,746	1,865	903	245
<i>Total</i>	688,363	558,998	275,557	81,048
<u>OTHER EXPENSES</u>				
Food	571,658	413,959	-	-
Client assistance	6,790	5,050	210,887	-
Utilities	72,838	47,623	7,793	5,195
Supplies	66,968	34,644	-	-
Building maintenance and repairs	144,511	38,306	-	-
Equipment and technology	12,095	8,703	3,510	1,504
Outside services	11,815	6,988	2,938	1,958
Laundry	24,415	17,680	-	-
Insurance	17,300	12,145	1,987	1,325
Staff development	5,953	4,179	798	342
Telephone and communications	9,078	8,722	4,008	1,717
Office supplies	6,624	5,032	1,445	620
Interest	-	15,080	-	-
Printing and promotion	-	-	-	-
Travel and lodging	3,148	2,186	776	333
Postage	635	561	1,064	456
Dues and subscriptions	1,786	239	208	89
All other expenses	4,154	2,895	569	244
<i>Total</i>	959,768	623,992	235,983	13,783
<i>TOTAL EXPENSES BEFORE DEPRECIATION</i>	1,648,131	1,182,990	511,540	94,831
Depreciation and amortization	91,855	66,516	-	-
<i>TOTAL FUNCTIONAL EXPENSES</i>	\$ 1,739,986	\$ 1,249,506	\$ 511,540	\$ 94,831

Total Program Services	Management and General	Fundraising	TOTALS	Prior Year Comparative Totals
\$ 1,246,703	\$ 201,487	\$ 204,199	\$ 1,652,389	\$ 1,435,762
98,177	22,340	16,258	136,775	134,885
117,254	23,303	19,572	160,129	139,849
135,073	7,554	8,087	150,714	68,266
6,759	4,470	1,171	12,400	4,968
1,603,966	259,154	249,287	2,112,407	1,783,730
985,617	-	-	985,617	677,807
222,727	-	-	222,727	148,673
133,449	5,772	5,092	144,313	138,083
101,612	-	49,711	151,323	91,147
182,817	-	-	182,817	88,506
25,812	15,942	19,886	61,640	69,157
23,699	8,341	3,777	35,817	63,199
42,095	-	-	42,095	34,015
32,757	1,472	2,574	36,803	30,706
11,272	507	885	12,664	23,558
23,525	1,057	1,848	26,430	23,418
13,721	1,527	2,158	17,406	20,858
15,080	-	-	15,080	14,698
-	1,046	9,748	10,794	7,482
6,443	265	2,671	9,379	7,177
2,716	1,734	17,034	21,484	6,912
2,322	3,205	328	5,855	6,250
7,862	351	5,829	14,042	6,605
1,833,526	41,219	121,541	1,996,286	1,458,251
3,437,492	300,373	370,828	4,108,693	3,241,981
158,371	8,702	6,961	174,034	191,849
\$ 3,595,863	\$ 309,075	\$ 377,789	\$ 4,282,727	\$ 3,433,830

MEN'S SHELTER OF CHARLOTTE, INC.

Statement of Cash Flows

Year Ended June 30, 2015, with prior year comparative totals

	Year Ended June 30,	
	2015	2014
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 469,468	\$ 92,431
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation expense	174,034	191,849
Amortization of loan discount	15,080	14,698
Realized and unrealized (gain)/loss on investments	22	(1,656)
Loss on sale of assets	2,616	-
Contributions restricted for long-term purposes	(606,297)	-
(Increase) decrease in operating assets:		
Receivables	(135,517)	(79,276)
Prepaid expenses	16,402	(40,473)
Other assets	(1,348)	(1,788)
Increase (decrease) in operating liabilities:		
Accounts payable	19,842	6,824
Payroll liabilities	16,989	5,035
<i>Cash Flows from Operating Activities</i>	<i>(28,709)</i>	<i>187,644</i>
<u>INVESTING ACTIVITIES</u>		
Purchase of fixed assets	(176,397)	(44,167)
Proceeds from sale of investments	161	135
Purchases of investments	(183)	(120)
<i>Cash Flows from Investing Activities</i>	<i>(176,419)</i>	<i>(44,152)</i>
<u>FINANCING ACTIVITIES</u>		
(Increase)/decrease in long-term pledge receivables	(321,568)	-
Contributions restricted for long-term purposes	606,297	-
<i>Cash Flows from Financing Activities</i>	<i>284,729</i>	<i>-</i>
<i>CHANGE IN CASH</i>	<i>79,601</i>	<i>143,492</i>
<i>CASH, BEGINNING</i>	<i>418,393</i>	<i>274,901</i>
<i>CASH, ENDING</i>	<i>\$ 497,994</i>	<i>\$ 418,393</i>

See accompanying notes to financial statements.

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MEN'S SHELTER OF CHARLOTTE, INC.

Notes to Financial Statements

June 30, 2015

NOTE 1 – NATURE OF ACTIVITIES

Organization

Men's Shelter of Charlotte, Inc., ("the Shelter") formerly Uptown Day Shelter, Inc., a United Way agency, was incorporated in July, 1985, under the laws of the State of North Carolina as a nonprofit organization. Its primary purpose is to operate facilities in Charlotte, North Carolina, for the care of homeless and indigent persons.

Programs

The Shelter's Moving Forward, Moving Home initiative, implemented on July 1, 2013, consists of five shelter components – Moving Forward, Moving Home, Medical Respite, Severe Weather Overflow, and Supportive Services. All components align with their focus to end homelessness for each man they serve. To that end, the Shelter provides emergency shelter and personalized case management services to help unaccompanied men identify and overcome the obstacles that have led to becoming homeless. In addition to operating the largest homeless shelter in North Carolina, the Shelter addresses a spectrum of needs men experiencing homelessness encounter from mental health services and job training to providing comprehensive housing programs to help men move into more appropriate housing as quickly as possible.

The Shelter provides safe emergency shelter, meals, clothing, case management, and supportive services through two different sites—the Tryon Street campus and the Statesville Avenue campus. Services at both locations are designed to offer homeless men the opportunity to establish healthy, stable futures, moving them beyond the shelter and back into the community as independent citizens.

The Statesville Avenue campus is home to the Shelter's Moving Forward component. This Shelter component focuses on helping men identify pathways to obtaining or increasing income, through employment and/or benefits, which clients need to move out of the shelter. The Tryon Street Campus houses the Moving Home component, which employs Rapid Re-housing, a nationally recognized best practice designed to help men move into more appropriate housing as quickly as possible.

Medical Respite is a service component available to homeless men being discharged from local hospitals who have no other place to go. This is a crucial need since hospitals are not obligated to treat or provide a bed for people in homeless situations.

Severe Weather Overflow component allows up to 50 beds for homeless men who are not formally participating in our programs in the case of a severe weather event.

Supportive Services component consists of myriad services ranging from on-site substance abuse treatment programs to GED, employment training and Ready to Rent classes. This component provides a wrap-around services approach that allows clients to actively participate in their success and recovery.

MEN'S SHELTER OF CHARLOTTE, INC.

Notes to Financial Statements

June 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Levels of service

For the year ended June 30, 2015, the Shelter's records indicate that it provided the following levels of service.

- Delivered basic needs to an average of 346 homeless men each night
- Provided shelter and access to services focused on ending homelessness to 1,702 different men
- Helped 450 men move out of the shelter into more appropriate housing

Funding sources

Activities of the Shelter are financed by government and private grants and by contributions from other organizations, churches, and individuals. During the year, the Shelter began a capital campaign to raise funds for necessary improvements of their current facility.

Basis of accounting

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

Unrestricted net assets – Unrestricted net assets are those which are not subject to donor-imposed stipulations and are currently available for use in the day-to-day operations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Shelter and/or the passage of time. When a restriction expires, that is when a stipulated time 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.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Shelter. The donors of these assets generally permit the Shelter to use the income earned on any related investments for general or specific purposes. During the current fiscal year, the Shelter had no permanently restricted net assets.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. Donated food is recorded at estimated fair values. During the year, the Shelter recorded \$879,472 of donated food. No other amounts have been reflected in the financial statements for donated goods and services. The Shelter pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Shelter with program services, management and general, and fundraising efforts.

MEN'S SHELTER OF CHARLOTTE, INC.

Notes to Financial Statements

June 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

United Way

United Way pledges are shown as an increase in temporarily restricted net assets when the pledge is received from United Way and is then released to unrestricted when the funds are actually received and utilized. United Way designations are considered to be conditional pledges, since United Way will pay these amounts to the Shelter when and if United Way collects the funds. Therefore these amounts are recorded as income when actually received.

Income tax status

The Shelter is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) with respect to its exempt function income. The Shelter is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Functional allocation of expenses

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

Use of 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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2014 financial statements, from which the summarized information was derived. Certain prior-year amounts may have been reclassified to conform with the current-year presentation.

MEN'S SHELTER OF CHARLOTTE, INC.

Notes to Financial Statements

June 30, 2015

NOTE 3 – INVESTMENTS

Investment balance

Investments are reported at fair value, and consist of the following as of June 30, 2015:

Foundation for the Carolinas:

Equities	\$	7,278
Hedge funds		2,784
Fixed income funds		2,224
Real assets		647
TOTAL	\$	<u>12,933</u>

Investment income

Investment income for the year is comprised of unrealized and realized capital loss of \$22 and interest income of \$183, net of investment fees of \$161.

NOTE 4 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Shelter's certificates of deposit are valued at cost plus accrued interest, which approximates fair value.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The value of the Shelter's funds at Foundation for the Carolinas are based on the value of the underlying investments, which are generally publicly traded.

The following table sets forth a summary of changes in the fair value of the Shelter's level 3 assets for the year ended June 30, 2015.

Balance, beginning of year	\$	12,933
Decrease in value		(22)
Purchases		183
Sales		(161)
Balance, end of year	\$	<u>12,933</u>

MEN'S SHELTER OF CHARLOTTE, INC.**Notes to Financial Statements****June 30, 2015**

NOTE 5 – RECEIVABLES*Grants receivable*

Grants receivable consist of unconditional promises to give which are stated at net realizable value. Management has determined that no allowance for doubtful accounts is necessary based on a review of individual accounts, historical experience, and current economic conditions. No discount for present value has been imputed as all grants receivable is expected to be collected during the following fiscal year.

Pledges receivable

Pledges receivable was generated by the Shelter's fundraising efforts and capital campaign. Unconditional promises to give for the capital and annual campaign are presented net of a discount for present value of \$21,245, computed using an interest rate of 1.76 percent. Management has determined that no allowance for doubtful accounts is necessary based on a review of individual accounts, historical experience, and current economic conditions. These pledges are expected to be collected as follows:

Balance of 2015 and prior years	\$	19,280
2016		220,475
2017		117,000
2018		109,250
2019		107,000
2020		1,750
2021 and thereafter		<u>4,000</u>
Total Promises to Give		578,755
Deduct:		
Present value discount		<u>21,245</u>
NET PLEDGES	\$	<u>557,510</u>

MEN'S SHELTER OF CHARLOTTE, INC.**Notes to Financial Statements****June 30, 2015**

NOTE 6 – PROPERTY AND EQUIPMENT*Balance at June 30, 2015*

Property is recorded at cost if purchased or fair market value if donated subject to a \$1,000 capitalization policy. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from three to forty years. Property and equipment at June 30, 2015, is composed of the following:

Equipment	\$	444,436
Vehicles		61,332
Building improvements		2,099,699
Buildings		2,092,019
Land		174,090
		<hr/>
Total Property and Equipment		4,871,576
Less - accumulated depreciation and amortization		2,825,603
		<hr/>
TOTAL	\$	<u>2,045,973</u>

Donated land and building

On February 24, 1995, the Shelter received the title to the land and buildings located at 1210 North Tryon Street, Charlotte, North Carolina, from the United Way of Central Carolinas, Inc. The buildings were recorded at a value of \$1,820,000 based on an appraisal as of June, 1995, and the land was recorded at an estimated value of \$60,000 per acre, for a total land value of \$158,892. These properties were transferred to the Shelter subject to a note payable to the City of Charlotte as described in Note 8.

NOTE 7 – NET ASSETS*Temporarily restricted*

Temporarily restricted net assets as of June 30, 2015 were restricted to be used for the following purposes:

Time restrictions:			
United Way	\$	359,605	
City of Charlotte loan discount		224,733	
Pledge campaign		<u>94,651</u>	\$ 678,989
Unutilized funds:			
Capital campaign		412,482	
Building fund		<u>40,180</u>	<u>452,662</u>
TOTAL			<u>\$ 1,131,651</u>

MEN'S SHELTER OF CHARLOTTE, INC.

Notes to Financial Statements

June 30, 2015

NOTE 8 – NOTES PAYABLE

Notes payable of \$1,081,571 are comprised of the following balances:

Note payable – Tryon Street

An obligation owed to the City of Charlotte for \$806,304. This note matures only if the land and buildings located at 1210 North Tryon Street cease to be used for the purpose of operating a shelter for the homeless. This note does not bear interest before maturity and no payments of principal are required. The amount that would be repaid if the note ever matured is \$500,000 plus a share of the appreciation in the value of the real estate, as determined by the provisions of a note agreement originally dated June 15, 1988, between United Way of Central Carolinas, Inc., and the City of Charlotte. The actual amount of the repayment would be determined based on the sale of the property or an appraisal at the date the note matured. The \$806,304 balance carried on the Shelter's books represents the amount that would be owed under the provisions of the note agreement, based on the appraised value of the real estate as of June, 1995.

Note payable – Statesville Road

An obligation of \$275,267 with an original principal balance of \$500,000, which is presented net of a present value discount of \$224,733. Since the note bears no interest, a present value discount has been computed utilizing a discount rate of six percent. This note is owed to the City of Charlotte and requires no principal payments before maturing on September 27, 2025, unless repayment of the Loan is waived by the City. The note agreement does require early payment if the property located at 3410 Statesville Road is sold or that property is no longer available for occupancy by homeless persons with income of 30% or less of the Charlotte area media income, which is not currently contemplated by the Shelter. In the event of default, the original loan balance of \$500,000 will be due and payable. Interest expense of \$15,080 was recognized during the year ended June 30, 2015.

NOTE 9 – LEASES PAYABLE

Operating leases

The Shelter leases office equipment under operating lease agreements. Lease payments made for the year ended June 30, 2015 were \$3,598. Future minimum obligations under the terms of these leases are due during the years ending June 30:

2016	\$	3,598
2017		3,598
2018		2,699
TOTAL	\$	<u>9,895</u>

MEN'S SHELTER OF CHARLOTTE, INC.

Notes to Financial Statements

June 30, 2015

NOTE 10 – BUSINESS RISKS AND CONCENTRATIONS

Revenue and receivables

The Shelter receives significant portions of its revenue from a limited number of funding sources, many of which are renewable on an annual basis. During the year ended June 30, 2015, contracts with Mecklenburg County accounted for 10 percent of its revenue (excluding noncash contributions). In addition, 10 percent of its revenue and 31 percent of grants receivable was provided by United Way of Central Carolinas, Inc.

Government grants

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Shelter for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Geographic area

The Shelter operates in a limited geographic area, and is therefore sensitive to changes in the local economy.

Cash

The Shelter occasionally maintains cash balances in excess of insured limits. At June 30, 2015, the uninsured balance was \$297,787. However, management believes that the risk related to the accounts is minimal due to the credit worthiness of the financial institutions.

NOTE 11 – RETIREMENT PLAN

The Shelter maintains a defined contribution retirement plan (the Plan) for the benefit of its employees. The Plan covers all employees who are age 18 and older and have completed twelve months of service. The Shelter typically makes matching contributions of 50 percent of the employee contributions not exceeding four percent. Participants are immediately vested in their salary deferral contributions plus the actual earnings thereon. Vesting on employer contributions occurs at a rate of 20 percent per year after two years of service. During the year ended June 30, 2015, the Shelter paid matching contributions of \$5,797.

NOTE 12 – SUBSEQUENT EVENT

The Shelter has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.