

CRISIS ASSISTANCE MINISTRY

FINANCIAL STATEMENTS

JUNE 30, 2018

CRISIS ASSISTANCE MINISTRY
TABLE OF CONTENTS
JUNE 30, 2018

	Page
Independent Auditors' Report	1-2
Audited Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses.....	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-15

C. DEWITT FOARD & COMPANY, P.A.

*CERTIFIED PUBLIC ACCOUNTANTS
817 EAST MOREHEAD STREET SUITE 100
CHARLOTTE, NORTH CAROLINA 28202
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066*

*PHILLIP G. WILSON
TERRY W. LANCASTER*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Crisis Assistance Ministry
Charlotte, North Carolina

We have audited the accompanying financial statements of Crisis Assistance Ministry (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, 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 Crisis Assistance Ministry, as of June 30, 2018 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.

Crisis Assistance Ministry
Charlotte, North Carolina

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and our report dated August 22, 2017, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. DeWitt Ford & Company, P.A.

September 5, 2018

CRISIS ASSISTANCE MINISTRY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018, WITH PRIOR YEAR COMPARATIVE TOTALS

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 3,940,682	\$ 3,527,789
Receivables:		
Grants	909,683	574,312
Sales tax refund	14,381	18,995
Inventory	156,465	263,158
Prepaid expenses	66,981	97,139
Equipment, furniture and vehicles, net	287,054	335,083
Cash, held for long-term use	310,000	310,000
Investments:		
Beneficial interest in assets held in trust by third party	1,607,896	2,021,943
Other	214,064	212,798
TOTAL ASSETS	<u><u>\$ 7,507,206</u></u>	<u><u>\$ 7,361,217</u></u>
LIABILITIES & NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 250,577	\$ 208,935
Capital lease obligation	26,563	55,048
Total Liabilities	<u>277,140</u>	<u>263,983</u>
Net Assets:		
Unrestricted:		
Undesignated	4,760,067	3,847,946
Designated	310,000	310,000
Total Unrestricted Net Assets	<u>5,070,067</u>	<u>4,157,946</u>
Temporarily restricted	2,153,749	2,933,038
Permanently restricted	6,250	6,250
Total Net Assets	<u>7,230,066</u>	<u>7,097,234</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 7,507,206</u></u>	<u><u>\$ 7,361,217</u></u>

CRISIS ASSISTANCE MINISTRY**STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2018, WITH PRIOR YEAR COMPARATIVE TOTALS**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Totals	2017 Totals
SUPPORT & REVENUE					
Governmental Grants:					
Federal:					
U.S. Department of Health and Human Services	\$ -	\$ 2,040,723	\$ -	\$ 2,040,723	\$ 2,958,905
Federal Emergency Management Agency	-	230,365	-	230,365	230,365
U.S. Department of Housing and Urban Development	-	-	-	-	27,440
Mecklenburg County	1,824,527	2,033,900	-	3,858,427	3,678,427
City of Charlotte	-	418,000	-	418,000	380,000
United Way	202,051	290,000	-	492,051	530,757
Contributions:					
Cash	5,271,306	550,998	-	5,822,304	4,630,721
In-kind	3,394,353	-	-	3,394,353	2,345,420
Investment Earnings	23,597	165,533	-	189,130	238,058
Other	12,942	-	-	12,942	29,198
Net assets released from restrictions:					
Satisfaction of time restrictions	320,712	(320,712)	-	-	-
Restrictions satisfied by payments	6,188,096	(6,188,096)	-	-	-
TOTAL SUPPORT & REVENUE	17,237,584	(779,289)	-	16,458,295	15,049,291
EXPENSES					
Program Services	14,923,157	-	-	14,923,157	14,167,225
Management and General	573,201	-	-	573,201	363,758
Fund Raising	829,105	-	-	829,105	799,467
TOTAL EXPENSES	16,325,463	-	-	16,325,463	15,330,450
CHANGE IN NET ASSETS	912,121	(779,289)	-	132,832	(281,159)
NET ASSETS, BEGINNING	4,157,946	2,933,038	6,250	7,097,234	7,378,393
NET ASSETS, ENDING	\$ 5,070,067	\$ 2,153,749	\$ 6,250	\$ 7,230,066	\$ 7,097,234

CRISIS ASSISTANCE MINISTRY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018, WITH PRIOR YEAR COMPARATIVE TOTALS

	Program							
	General	Duke Utility	Rental	Low Income	Energy	General	Emergency	Emergency
	Ministry	Assistance/ Merger	Assistance	Home Energy Assistance	Assistance	Assistance	Food and Shelter	Assistance
Direct Client Aid:								
Rent and mortgage	\$ 1,225,867	\$ -	\$ 208,600	\$ -	\$ -	\$ 122,960	\$ 230,365	\$ 649,912
Utilities	927,413	474,543	-	2,040,723	180,323	251,255	-	613,515
Food	30,710	-	-	-	-	-	-	-
Domestic Violence	-	-	-	-	-	75,000	-	-
Reasonable Efforts	-	-	-	-	-	323,638	-	-
Other	32,180	-	34	-	28	-	4	-
Clothing and furniture	-	-	-	-	-	-	-	-
Salaries and benefits	-	-	-	-	-	-	-	-
Equipment and data								
management	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Fees and services	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Travel and conferences	-	-	-	-	-	-	-	-
Staff/volunteer apprec.	-	-	-	-	-	-	-	-
Dues and training	-	-	-	-	-	-	-	-
Inventory loss	-	-	-	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 2,216,170</u>	<u>\$ 474,543</u>	<u>\$ 208,634</u>	<u>\$ 2,040,723</u>	<u>\$ 180,351</u>	<u>\$ 772,853</u>	<u>\$ 230,369</u>	<u>\$ 1,263,427</u>

Services

Project Management	Direct Program				Total Program			2018 Totals	2017 Totals
	Admin.	Store	Furniture Bank	Advocacy	Services	Management and General	Fund Raising		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,437,704	\$ -	\$ -	\$ 2,437,704	\$ 2,561,473
-	-	-	-	-	4,487,772	-	-	4,487,772	4,842,413
-	-	-	-	-	30,710	-	-	30,710	35,926
-	-	-	-	-	75,000	-	-	75,000	75,018
-	-	-	-	-	323,638	-	-	323,638	66,894
-	-	-	-	-	32,246	-	-	32,246	12,466
-	-	2,860,230	501,385	-	3,361,615	-	-	3,361,615	2,357,718
113,360	2,411,983	489,155	415,554	87,032	3,517,084	330,580	621,249	4,468,913	4,364,033
1,695	146,761	25,111	33,870	5,470	212,907	33,945	69,194	316,046	308,391
268	26,011	8,269	22,660	1,140	58,348	6,372	75,243	139,963	154,786
83	72,291	83,102	105,852	185	261,513	8,252	12,249	282,014	261,552
201	12,693	4,340	1,524	9,082	27,840	4,530	9,035	41,405	42,746
161	25,697	24,327	1,419	467	52,071	32,108	18,656	102,835	123,059
289	15,582	2,886	2,020	302	21,079	4,604	3,174	28,857	28,052
68	141	26	18	8	261	37	4,680	4,978	2,774
20	5,226	104	283	381	6,014	14,737	4,011	24,762	22,192
134	8,680	1,427	1,406	401	12,048	2,902	4,323	19,273	21,178
150	3,071	248	1,405	433	5,307	28,139	7,291	40,737	49,779
-	-	-	-	-	-	106,995	-	106,995	-
<u>\$ 116,429</u>	<u>\$ 2,728,136</u>	<u>\$ 3,499,225</u>	<u>\$ 1,087,396</u>	<u>\$ 104,901</u>	<u>\$ 14,923,157</u>	<u>\$ 573,201</u>	<u>\$ 829,105</u>	<u>\$ 16,325,463</u>	<u>\$ 15,330,450</u>

CRISIS ASSISTANCE MINISTRY**STATEMENT OF CASH FLOWS****YEAR ENDED JUNE 30, 2018, WITH PRIOR YEAR COMPARATIVE TOTALS**

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 132,832	\$ (281,159)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	62,394	55,690
Realized and unrealized gain on investments	(165,533)	(212,646)
In-kind contributions of equipment, furniture and vehicle	-	(7,601)
(Increase) decrease in operating assets:		
Receivables	(330,757)	180,551
Inventory	106,693	28,640
Prepaid expenses	30,158	17,939
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	41,642	(9,587)
Cash Flows From Operating Activities	<u>(122,571)</u>	<u>(228,173)</u>
INVESTING ACTIVITIES		
Acquisition of equipment and furniture	(14,365)	(65,891)
Proceeds from sale of investments	579,580	109,985
Purchase of investments	(1,266)	(111,613)
Cash Flows From Investing Activities	<u>563,949</u>	<u>(67,519)</u>
FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(28,485)	(24,345)
Cash Flows From Financing Activities	<u>(28,485)</u>	<u>(24,345)</u>
CHANGE IN CASH	412,893	(320,037)
CASH, BEGINNING	<u>3,837,789</u>	<u>4,157,826</u>
CASH, ENDING	<u>\$ 4,250,682</u>	<u>\$ 3,837,789</u>
CASH AND EQUIVALENTS PER STATEMENT OF FINANCIAL POSITION		
Held for operations	\$ 3,940,682	\$ 3,527,789
Held for long-term use	310,000	310,000
	<u>\$ 4,250,682</u>	<u>\$ 3,837,789</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 4,202</u>	<u>\$ 5,453</u>
Equipment purchased under a capital lease	<u>\$ -</u>	<u>\$ 38,046</u>

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - ORGANIZATION AND PURPOSE

Nature of Activities

Crisis Assistance Ministry (the "Organization") is a nonprofit corporation that provides emergency help to residents of Mecklenburg County, North Carolina. The Organization provides short-term financial assistance for rent, utilities, and food, and also distributes donated clothing, furniture, and other items. The Organization's primary sources of support are governmental grants and public grants and contributions. The Organization is a participating agency of the United Way.

The Organization's major programs consist of the following:

General Ministry - CAM Funds: Donated funds from individuals, faith partners, companies and grants which are used for rent, mortgage, utilities, food and other needs as identified.

Duke Utility Assistance/Shareholder-Merger: Funding provided by Duke Energy programs for the purpose of assisting low-income customers with heating or cooling utilities based on the season of the year. Orders granted by NC Utilities Commission to provide assistance to Duke Energy Carolinas' retail electric customers.

Rental Assistance: City funding that provides rental and mortgage assistance to families and individuals threatened with eviction who live within the city limits of Charlotte.

Low Income Home Energy Assistance-CIP: Crisis Intervention Program funds are federal funds that assist individuals and families who are experiencing a heating or cooling related crisis based on the weather.

Energy Assistance: City funding that provides emergency assistance to families and individuals who are threatened with the loss of energy or water and who live within the city limits of Charlotte.

General Assistance: County funding that assists families with minor children, the elderly or the disabled with rent, mortgage or utilities or other needs as request by the Department of Social Services.

Emergency Food and Shelter-FEMA: Federal funding that provides assistance with past due rent or mortgage no greater than one month's rent/mortgage.

Emergency Assistance: County funding that assists families with minor children under the age of 18 years of age, the elderly or the disabled with rent, mortgage or utilities which are in danger of disconnection.

Project Management: Salaries and operating costs for the project management team which enables the organization to initiate, prioritize and manage projects needed to meet strategic programmatic goals.

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - ORGANIZATION AND PURPOSE, continued

Direct Program Administration: Salaries and operating costs for the Housing and Financial Stability department that administers all direct rent and utility client aid programs.

Free Store: Salaries and operating costs of a Free Store that provides donated clothing and household items to low income clients.

Furniture Bank: Salaries and operating costs of a Furniture Bank that provides donated furniture and appliances to low income clients based on referrals from Partner Agencies.

Advocacy: Salaries and operating costs of advocacy programs that promote awareness and advocacy regarding poverty.

Income Tax Status

The Organization is a North Carolina not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity under Section 509(a)(1) of the Internal Revenue Code.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization is required under U.S. generally accepted accounting principles (GAAP) to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Unrestricted net assets are those currently available for use in the day-to-day operation of the Organization and those resources invested in property and equipment. Also included in unrestricted net assets are funds designated for activities other than normal operations by Crisis Assistance’s Board of Directors. Designated funds at year-end consist of amounts held for future long-term needs.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Grants and Contributions

The Organization reports contributions and grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Restricted grants and contributions are reported as increases in unrestricted net assets if the restrictions are accomplished in the reporting period in which the contributions are recognized. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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.

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Donated Facilities, Services, and Goods

The Organization operates from a facility owned by Mecklenburg County (the County). No lease arrangement exists between the Organization and the County. The fair value of the rent has been calculated at \$155,000 for the year and has been reflected in the financial statements as a contribution with a like amount included in occupancy expense.

Many individuals volunteer their time and perform a variety of tasks that enable the Organization to carry out its mission. During the year the Organization received 43,469 volunteer hours relating to these donated services; however, no amounts have been reflected in the accompanying statement of activities since the Organization's contributed services generally do not meet the criteria for recognition.

The Organization receives donations of clothing, household items, gift cards, and furniture for distribution to the general public in need. Donations of these items are reflected in the accompanying statement of activities as contributions at their estimated fair value at date of donation. During the year the Organization distributed 1,175,738 articles of clothing and household items, 13,578 pieces of furniture and appliances, and 235 gift cards with a combined estimated fair value of \$3,239,051.

Inventory

The Organization's inventory consists of donated clothing, furniture, and appliances on hand at year-end, stated at estimated fair value.

Equipment and Furniture

It is the policy of the Organization to record donated equipment and furniture at estimated fair value and purchased equipment and furniture at cost, both subject to a \$1,000 capitalization policy. Depreciation is calculated using the straight-line method. Equipment and software are depreciated over a five-year life and furniture is depreciated over a ten-year life.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

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

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 2017 financial statements, from which the summarized information was derived.

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE C - GRANTS RECEIVABLE

Unconditional grants and contributions receivable recognized as support in the year promised. Conditional promises receivable are recognized when the conditions on which they depend are substantially met. Based on historic collections management has determined that no allowance for doubtful accounts is needed. A present value discount of \$7,635 has been applied to a long-term pledges using a 10-year US Treasury rate of 2.35 percent.

Grants receivable as of year-end consists of the following:

Year ended June 30:	
2019	\$ 837,318
2020	9,806
2021	9,579
2022	9,356
2023	9,139
Thereafter	34,485
	<hr/>
	\$ 909,683
	<hr/>

NOTE D - INVESTMENTS

Investments are reported at fair value in accordance with GAAP. Also, in accordance with GAAP, the Organization has included in these financial statements the fair value of investments and related income earned on certain funds held in trust solely for the benefit of the Organization.

Beneficial Interests in Assets Held in Trust by Third Party

The Foundation For The Carolinas (the Foundation) holds in trust accounts for the benefit of the Organization. The Organization may request annual distributions of accumulated income from these accounts. Recommendations for distribution of principal, as considered necessary by the Board of Directors of the Organization, may be made to the Foundation. The Foundation has complete discretion as to the timing and amounts of distributions from these funds; however, the Foundation has no variance power to distribute any portion of these funds to another not-for-profit entity. The accounts at year-end are comprised of the following:

<i>Quasi-Endowed Designated</i> pool -	
<i>Active Long-Term</i> investment strategy	\$ 1,592,387
<i>Endowed-Designated</i> pool -	
<i>Diversified Long-Term</i> investment strategy	15,509
	<hr/>
	\$ 1,607,896
	<hr/>

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE D - INVESTMENTS, continued

Other Investments

Other investments at year-end consists of the following certificates of deposit with Capital Bank with original maturities in excess of three months:

Matures April 15, 2020, with interest at .25%	\$	102,204
Matures April 15, 2019, with interest at .25%		<u>111,860</u>
	\$	<u>214,064</u>

Investment earnings for the year are comprised of the following:

Interest earned on bank accounts and certificates of deposit	\$	23,597
Gain on beneficial interest in assets held in trust		<u>165,533</u>
	\$	<u>189,130</u>

NOTE E - FAIR VALUE MEASUREMENTS

Current accounting standards 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.

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 Organization has segregated its financial instruments into the most appropriate level within the fair value hierarchy defined above at year-end as follows:

- The Organization's beneficial interest in assets held in trust by the Foundation are classified as Level 3 assets. Values of these investments are determined by the Foundation based on the fair value of the underlying assets, which consists of assets some of which are publicly traded and some of which are not publicly traded.
- The Organization's certificate of deposit is classified as a Level 2 asset and is valued at cost plus accrued interest which approximates fair value.

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE E - FAIR VALUE MEASUREMENTS, continued

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year:

Balance, beginning of year	\$ 2,021,943
Increase in value	165,533
Withdrawals	<u>(579,580)</u>
Balance, end of year	<u>\$ 1,607,896</u>

NOTE F - EQUIPMENT AND FURNITURE

Equipment, furniture and vehicles as year end consists of the following:

Computer equipment	\$ 340,936
Furniture and equipment	115,857
Vehicles	72,896
Leasehold Improvements	<u>47,733</u>
	577,422
Less - accumulated depreciation	<u>290,368</u>
	<u>\$ 287,054</u>

Depreciation expense for the year totaled \$62,394.

NOTE G - RESTRICTED NET ASSETS

Temporarily restricted net assets represent amounts with donor stipulations that limit the use of the funds. Temporarily restricted net assets at year-end are as follows:

United Way allocation receivable for the year ending June 30, 2019	\$ 290,000
Beneficial interest in investments held in trust by third party:	
Fund for the Future	1,592,387
Accumulated Income on Endowment Fund	4,601
Share the Warmth (Duke Energy)	44,909
Economic Mobility	211,839
Rent and utility assistance	611
Clothing and furniture	8,479
Free Store administration	<u>923</u>
	<u>\$ 2,153,749</u>

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - RESTRICTED NET ASSETS, continued

Permanently restricted net assets represent a beneficial interest in assets held in trust in perpetuity by the Foundation. These Endowment investments are managed by the Foundation, who has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary.

NOTE H - RETIREMENT PLAN

Crisis Assistance Ministry maintains a defined contribution retirement plan qualified under Internal Revenue Code Section 401(k). An employee is immediately eligible to make contributions to the plan; however, employees must have one year of service to receive a contribution from the Organization. The Organization contributed \$152,456 for the year to employee accounts. The Organization's contributions to the plan are determined annually by the Board of Directors. All accounts are immediately 100 percent vested.

NOTE I - CONCENTRATION OF CREDIT RISK

Cash and Certificates of Deposit

Cash in bank accounts and certificates of deposit are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash and certificates of deposit held by the Organization at year-end covered by the FDIC, include \$1,975,702 in excess of insured limits.

Grants Receivable

Grants receivable year-end consists of allocations from United Way of \$290,000 for the year ending June 30, 2019, and \$398,044 of grant reimbursements from a governmental agency.

Investments

As disclosed in Note D above, the Organization maintains investments which are subject to fluctuations in market values and expose the Organization to a certain degree of investment risk.

Support

The Organization receives a substantial amount of its total support and revenue from a limited number of funding sources. These amounts, as reflected in the accompanying schedule of activities, represent a substantial concentration of risk. The Organization also operates within a limited geographical area.

CRISIS ASSISTANCE MINISTRY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE J - CONTINGENCIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audits by the funding agencies. Such audits could result in claims against Crisis Assistance Ministry 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.

NOTE K - LEASE COMMITMENTS

The Organization leases various warehouse space and various office equipment under non-cancelable operating leases. Total lease payments made during the year totaled \$88,645. Minimum future rental payments under these leases are as follows:

Year ending June 30:		
2019	\$	109,433
2020		111,658
2021		<u>90,934</u>
Total	\$	<u><u>312,025</u></u>

The Organization leases office equipment under capital lease arrangements. Total lease payments made during the year under this lease totaled \$32,262. Minimum future payments under this lease are as follows:

Year ending June 30:		
2019	\$	25,420
2020		<u>2,463</u>
Total lease payments		27,883
Less amount representing interest		<u>1,320</u>
Present value of net minimum lease payments	\$	<u><u>26,563</u></u>

NOTE L - SUBSEQUENT EVENTS

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