

***CRISIS ASSISTANCE MINISTRY***

***FINANCIAL STATEMENTS***

***JUNE 30, 2016***

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***CRISIS ASSISTANCE MINISTRY***  
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**JUNE 30, 2016**

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# ***C. DEWITT FOARD & COMPANY, P.A.***

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## **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 (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016, 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, 2016 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 Crisis Assistance Ministry's 2015 financial statements, and our report dated August 26, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C. DeWitt Ford & Company, P.A.*

September 1, 2016  
Charlotte, North Carolina

***CRISIS ASSISTANCE MINISTRY***  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016, WITH PRIOR YEAR COMPARATIVE TOTALS**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash	\$ 3,847,826	\$ 4,026,205
Receivables:		
Grants	761,221	668,925
Sales tax refund	12,637	9,644
Inventory	291,798	145,866
Prepaid expenses	115,078	73,858
Equipment and furniture, net	279,235	181,407
Cash, held for long-term use	310,000	310,000
Investments:		
Beneficial interest in assets held in trust by third party	1,809,297	1,802,904
Other	211,170	210,142
<b>TOTAL ASSETS</b>	<b><u>\$ 7,638,262</u></b>	<b><u>\$ 7,428,951</u></b>
 <b>LIABILITIES &amp; NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 218,522	\$ 325,013
Capital lease obligation	41,347	-
Total Liabilities	<u>259,869</u>	<u>325,013</u>
Net Assets:		
Unrestricted:		
Undesignated	3,802,645	3,217,844
Designated	310,000	310,000
Total Unrestricted Net Assets	<u>4,112,645</u>	<u>3,527,844</u>
Temporarily restricted	3,259,498	3,569,844
Permanently restricted	6,250	6,250
Total Net Assets	<u>7,378,393</u>	<u>7,103,938</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 7,638,262</u></b>	<b><u>\$ 7,428,951</u></b>

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**CRISIS ASSISTANCE MINISTRY****STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2016, WITH PRIOR YEAR COMPARATIVE TOTALS**

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	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Totals	2015 Totals
<b>SUPPORT &amp; REVENUE</b>					
Governmental Grants:					
Federal:					
U.S. Department of Health and Human Services	\$ -	\$ 3,302,134	\$ -	\$ 3,302,134	\$ 3,247,398
Federal Emergency Management Agency	-	90,217	-	90,217	150,690
U.S. Department of Housing and Urban Development	19,010	-	-	19,010	26,623
Mecklenburg County	1,843,414	1,833,900	-	3,677,314	3,638,185
City of Charlotte	-	380,000	-	380,000	380,000
United Way	221,187	348,408	-	569,595	578,594
Contributions:					
Cash	4,302,361	775,201	-	5,077,562	5,149,489
In-kind	2,465,769	-	-	2,465,769	2,079,730
Investment earnings	16,051	(81,390)	-	(65,339)	20,902
Other	20,038	-	-	20,038	11,612
Net assets released from restrictions:					
Satisfaction of time restrictions	324,999	(324,999)	-	-	-
Restrictions satisfied by payments	6,633,817	(6,633,817)	-	-	-
<b>TOTAL SUPPORT &amp; REVENUE</b>	<b>15,846,646</b>	<b>(310,346)</b>	<b>-</b>	<b>15,536,300</b>	<b>15,283,223</b>
<b>EXPENSES</b>					
Program services	14,209,371	-	-	14,209,371	13,708,280
Management and general	324,187	-	-	324,187	373,227
Fund raising	728,287	-	-	728,287	717,374
<b>TOTAL EXPENSES</b>	<b>15,261,845</b>	<b>-</b>	<b>-</b>	<b>15,261,845</b>	<b>14,798,881</b>
<b>CHANGE IN NET ASSETS</b>	<b>584,801</b>	<b>(310,346)</b>	<b>-</b>	<b>274,455</b>	<b>484,342</b>
<b>NET ASSETS, BEGINNING</b>	<b>3,527,844</b>	<b>3,569,844</b>	<b>6,250</b>	<b>7,103,938</b>	<b>6,619,596</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 4,112,645</b>	<b>\$ 3,259,498</b>	<b>\$ 6,250</b>	<b>\$ 7,378,393</b>	<b>\$ 7,103,938</b>

**CRISIS ASSISTANCE MINISTRY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016, WITH PRIOR YEAR COMPARATIVE TOTALS**

	Program							
	General Ministry	Duke Utility Assistance/ Merger	Rental Assistance	Low Income Home Energy Assistance	Energy Assistance	General Assistance	Emergency Food and Shelter	Emergency Assistance
Direct Client Aid:								
Rent and mortgage	\$ 1,054,174	\$ -	\$ 189,479	\$ -	\$ -	\$ 267,673	\$ 90,217	\$ 859,802
Utilities	466,195	781,875	-	3,302,134	162,752	174,179	-	461,050
Food	22,115	-	-	-	-	-	-	-
Domestic Violence	-	-	-	-	-	74,913	-	-
Other	29,619	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,572,103</b>	<b>\$ 781,875</b>	<b>\$ 189,479</b>	<b>\$ 3,302,134</b>	<b>\$ 162,752</b>	<b>\$ 516,765</b>	<b>\$ 90,217</b>	<b>\$ 1,320,852</b>

Services

Project Management	Direct Program Admin.	Free Store	Furniture Bank	Advocacy	Total Program Services	Management and General	Fund Raising	2016 Totals	2015 Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,461,345	\$ -	\$ -	\$ 2,461,345	\$ 2,142,424
-	-	-	-	-	5,348,185	-	-	5,348,185	5,396,977
-	-	-	-	-	22,115	-	-	22,115	19,010
-	-	-	-	-	74,913	-	-	74,913	75,000
-	-	-	-	-	29,619	-	-	29,619	19,378
-	-	1,629,534	615,188	-	2,244,722	-	-	2,244,722	2,057,274
116,892	2,405,757	424,223	355,270	122,418	3,424,560	225,845	536,419	4,186,824	4,113,093
1,750	122,345	19,510	32,523	6,055	182,183	29,116	62,152	273,451	332,928
266	30,534	5,603	19,011	1,256	56,670	7,788	78,177	142,635	146,483
218	66,543	79,701	93,689	256	240,407	7,505	8,161	256,073	255,260
434	12,846	4,449	2,353	5,732	25,814	3,907	8,762	38,483	39,219
170	26,891	23,067	1,641	474	52,243	14,673	13,821	80,737	106,864
269	14,506	2,686	2,769	806	21,036	3,761	2,955	27,752	25,017
-	-	-	-	-	-	770	1,255	2,025	1,002
11	4,995	695	521	345	6,567	9,205	4,109	19,881	23,867
107	7,042	1,241	919	427	9,736	2,654	5,158	17,548	20,111
45	4,030	712	4,199	270	9,256	18,963	7,318	35,537	24,974
<u>\$ 120,162</u>	<u>\$ 2,695,489</u>	<u>\$ 2,191,421</u>	<u>\$ 1,128,083</u>	<u>\$ 138,039</u>	<u>\$ 14,209,371</u>	<u>\$ 324,187</u>	<u>\$ 728,287</u>	<u>\$ 15,261,845</u>	<u>\$ 14,798,881</u>



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**CRISIS ASSISTANCE MINISTRY****STATEMENT OF CASH FLOWS****YEAR ENDED JUNE 30, 2016, WITH PRIOR YEAR COMPARATIVE TOTALS**

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	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 274,455	\$ 484,342
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	41,147	38,540
Loss on disposal of equipment	7,414	583
Realized and unrealized loss on investments	81,390	1,523
Contributions restricted for long-term purposes	(87,783)	(78,938)
In-kind contributions of vehicle	(64,896)	-
(Increase) decrease in operating assets:		
Receivables	(95,289)	(185,941)
Inventory	(145,932)	(17,637)
Prepaid expenses	(41,220)	(2,987)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(106,491)	17,434
Cash Flows From Operating Activities	<u>(137,205)</u>	<u>256,919</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of equipment and furniture	(36,587)	(5,189)
Proceeds from sale of investments	100,065	227,593
Purchase of investments	(188,876)	(313,832)
Cash Flows From Investing Activities	<u>(125,398)</u>	<u>(91,428)</u>
<b>FINANCING ACTIVITIES</b>		
Contributions restricted for long-term purposes	87,783	78,938
Principal payments on capital lease obligation	(3,559)	-
Cash Flows From Financing Activities	<u>84,224</u>	<u>78,938</u>
CHANGE IN CASH	(178,379)	244,429
CASH, BEGINNING	<u>4,336,205</u>	<u>4,091,776</u>
CASH, ENDING	<u>\$ 4,157,826</u>	<u>\$ 4,336,205</u>

**CASH AND EQUIVALENTS PER STATEMENT OF FINANCIAL POSITION**

Held for operations	\$ 3,847,826	\$ 4,026,205
Held for long-term use	<u>310,000</u>	<u>310,000</u>
	<u>\$ 4,157,826</u>	<u>\$ 4,336,205</u>

**SUPPLEMENTAL INFORMATION**

Interest paid	<u>\$ 811</u>	<u>\$ -</u>
Equipment purchased under a capital lease	<u>\$ 44,907</u>	<u>\$ -</u>

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***CRISIS ASSISTANCE MINISTRY***  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**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.

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**CRISIS ASSISTANCE MINISTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**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 not classified as a private foundation.

**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.

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**CRISIS ASSISTANCE MINISTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**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 44,760 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 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 597,241 articles of clothing and 13,430 pieces of furniture and appliances with a combined estimated fair value of \$2,100,381.

**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 2015 financial statements, from which the summarized information was derived.

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**CRISIS ASSISTANCE MINISTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**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 \$11,188 has been applied to a long-term pledge.

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

Year ended June 30:	
2017	\$ 671,221
2018	10,000
2019	10,000
2020	10,000
2021	10,000
Thereafter	50,000
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	\$ 761,221
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**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	\$ 1,795,643
<i>Endowed-Designated</i> pool	13,654
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	\$ 1,809,297
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**Other Investments**

Other investments at year-end consists of the following certificates of deposit with Community One Bank, N.A. with original maturities in excess of three months:

Matures April 15, 2018, with interest at 0.88%	\$ 100,485
Matures April 16, 2017, with interest at 0.70%	110,685
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	\$ 211,170
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**CRISIS ASSISTANCE MINISTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE D - INVESTMENTS, continued**

Investment earnings for the year are comprised of the following:

Interest earned on bank accounts and certificates of deposit	\$ 16,051
Loss on beneficial interest in assets held in trust	<u>(81,390)</u>
	<u>\$ (65,339)</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 June 30, 2016, 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.

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	\$ 1,802,904
Decrease in value	(81,390)
Purchases	<u>87,783</u>
Balance, end of year	<u>\$ 1,809,297</u>

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**CRISIS ASSISTANCE MINISTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE F - EQUIPMENT AND FURNITURE**

Equipment and furniture as year end consists of the following:

Equipment and software	\$ 287,116
Furniture	49,817
Vehicles	72,896
Leasehold Improvements	42,158
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	451,987
Less - accumulated depreciation	172,752
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	\$ 279,235
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Depreciation expense for the year totaled \$41,147.

**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, 2017	\$ 348,408
Beneficial interest in investments held in trust by third party:	
Fund for the Future	1,795,643
Accumulated income on Endowment Fund	3,431
NC Shareholder Fund (Duke Energy)	875,820
Share the Warmth (Duke Energy)	114,416
Extended Casework	95,208
Special project	25,000
Clothing and furniture	241
Free Store administration	923
Various rent and utility assistance programs	408
	<hr/>
	\$ 3,259,498
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Pursuant to the Orders Granting General Rate Increase issued by the NC Utilities Commission, the Organization received non-recurring funding from the NC Shareholder Fund in prior years. The \$875,820 of unspent funds at year-end is to be spent by June 30, 2018.

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***CRISIS ASSISTANCE MINISTRY***  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**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 \$155,231 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 and certificates of deposit are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) for bank accounts and \$250,000 by the National Credit Union Administration (NCUA) for credit union accounts. The total cash and certificates of deposit held by the Organization at year-end, include \$2,549,931 in excess of insured limits covered by the above.

**Grants Receivable**

Grants receivable year-end consists of allocations from United Way of \$348,408 for the year ending June 30, 2017, and \$231,542 of grant reimbursements from a governmental agency.

**Investments**

As disclosed in Note D above, the Organization maintains a variety of 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.



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**CRISIS ASSISTANCE MINISTRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**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 \$90,381. Minimum future rental payments under these leases are as follows:

Year ending June 30:	
2017	\$ 88,474
2018	34,749
2019	1,354
2020	564
Total	<u>\$ 125,141</u>

The Organization leases a telephone system under a capital lease arrangement. Total lease payments made during the year under this lease totaled \$4,370. Minimum future payments under this lease are as follows:

Year ending June 30:	
2017	\$ 17,482
2018	17,482
2019	10,640
Total lease payments	45,604
Less amount representing interest	<u>4,257</u>
Present value of net minimum lease payments	<u>\$ 41,347</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.