

SHELTER CARE MINISTRIES, INC.

FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITOR'S REPORT

For the years ended June 30, 2016 and 2015

SHELTER CARE MINISTRIES, INC.

TABLE OF CONTENTS

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Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-13

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Shelter Care Ministries, Inc.  
Rockford, Illinois

We have audited the accompanying financial statements of Shelter Care Ministries, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2016 and 2015 the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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. 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 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 Shelter Care Ministries, Inc. as of June 30, 2016 and 2015 and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

QUIMBY & CO., P.C.

A handwritten signature in black ink that reads "Quimby & Co. P.C." in a cursive, stylized font.

Rockton, Illinois  
November 21, 2016

SHELTER CARE MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 23,404	\$ 1,427
Accounts receivable	216,366	156,192
Prepaid expenses	<u>3,737</u>	<u>6,628</u>
Total current assets	243,507	164,247
Property and equipment, net of accumulated depreciation of \$629,499 and \$579,909, respectively	<u>1,297,909</u>	<u>1,340,330</u>
Total assets	<u>\$1,541,416</u>	<u>\$1,504,577</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 46,768	\$ 84,969
Other liabilities	6,043	33,046
Accrued payroll liabilities	30,788	12,405
Line of credit	--	50,000
EEC loan	12,000	13,000
Current portion of notes payable	<u>58,345</u>	<u>46,897</u>
Total current liabilities	153,944	240,317
Notes payable, long term	<u>405,965</u>	<u>421,619</u>
Total liabilities	<u>559,909</u>	<u>661,936</u>
NET ASSETS		
Unrestricted	947,179	800,334
Temporarily restricted	<u>34,328</u>	<u>42,307</u>
Total net assets	<u>981,507</u>	<u>842,641</u>
Total liabilities and net assets	<u>\$1,541,416</u>	<u>\$1,504,577</u>

SHELTER CARE MINISTRIES, INC.

STATEMENT OF ACTIVITIES  
for the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating support and revenue:			
Contributions	\$ 405,196	\$34,328	\$ 439,524
Grants, state and local	449,139	--	449,139
In-kind contributions	166,045	--	166,045
Midtown rental income	117,291	--	117,291
Fundraising	58,504	--	58,504
Other income	3,385	--	3,385
Net assets released from:			
Time restrictions	<u>42,307</u>	( <u>42,307</u> )	<u>--</u>
Total operating support and revenue	<u>1,241,867</u>	( <u>7,979</u> )	<u>1,233,888</u>
Operating expenses:			
Programs:			
Homeless program:			
Emergency housing	140,751	--	140,751
Transitional housing	85,752	--	85,752
Permanent housing	94,580	--	94,580
Veteran housing	80,100	--	80,100
Jubilee drop-in center	255,799	--	255,799
MAYA's house	64,203	--	64,203
Employment services	1,247	--	1,247
Bailey housing project	<u>87,698</u>	<u>--</u>	<u>87,698</u>
Total program expenses	810,130	--	810,130
Management and general	247,520	--	247,520
Fundraising	<u>37,372</u>	<u>--</u>	<u>37,372</u>
Total operating expenses	<u>1,095,022</u>	<u>--</u>	<u>1,095,022</u>
Change in net assets	146,845	( 7,979 )	138,866
Net assets, beginning of year	<u>800,334</u>	<u>42,307</u>	<u>842,641</u>
Net assets, end of year	<u>\$ 947,179</u>	<u>\$34,328</u>	<u>\$ 981,507</u>

SHELTER CARE MINISTRIES, INC.

STATEMENT OF ACTIVITIES  
for the year ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating support and revenue:			
Contributions	\$ 485,060	\$42,307	\$ 527,367
Grants, state and local	485,559	--	485,559
In-kind contributions	189,804	--	189,804
Midtown rental income	99,388	--	99,388
Fundraising	53,264	--	53,264
Other income	8,559	--	8,559
Net assets released from:			
Time restrictions	<u>20,519</u>	( <u>20,519</u> )	<u>--</u>
 Total operating support and revenue	 <u>1,342,153</u>	 <u>21,788</u>	 <u>1,363,941</u>
 Operating expenses:			
Programs:			
Homeless program:			
Emergency housing	169,529	--	169,529
Transitional housing	128,461	--	128,461
Permanent housing	73,000	--	73,000
Veteran housing	106,297	--	106,297
Jubilee drop-in center	290,251	--	290,251
MAYA's house	105,936	--	105,936
Employment services	41,658	--	41,658
Bailey housing project	<u>98,757</u>	<u>--</u>	<u>98,757</u>
 Total program expenses	 1,013,889	 --	 1,013,889
Management and general	253,625	--	253,625
Fundraising	<u>30,866</u>	<u>--</u>	<u>30,866</u>
 Total operating expenses	 <u>1,298,380</u>	 <u>--</u>	 <u>1,298,380</u>
 Change in net assets	 43,773	 21,788	 65,561
Net assets, beginning of year	<u>756,561</u>	<u>20,519</u>	<u>777,080</u>
 Net assets, end of year	 <u>\$ 800,334</u>	 <u>\$42,307</u>	 <u>\$ 842,641</u>

SHELTER CARE MINISTRIES, INC

STATEMENT OF FUNCTIONAL EXPENSES BY PROGRAM

Year Ended June 30, 2016

	Homeless Program				Jubilee Drop-in Center
	Emergency Housing	Transitional Housing	Permanent Housing	Veterans Housing	
Client transportation	\$ 1,288	\$ 37	\$ --	\$ --	\$ 210
Client food	--	--	--	--	1,278
Client services	--	--	--	4,076	210
Scattered site housing:					
Rent and utilities	43,952	33,477	53,910	41,005	--
Furnishings	625	--	4,565	11,602	--
Maintenance	13,600	315	1,599	1,227	23
Salaries	47,465	21,959	32,057	21,192	119,977
Auto and truck	430	242	--	--	574
Program supplies	--	--	--	--	2,882
In-kind program supplies	20,014	20,014	--	--	20,013
Dues, publications and seminars	--	--	--	--	187
Office expense	45	45	--	--	55
Insurance	6,302	6,380	2,449	998	9,925
Professional fees	--	--	--	--	436
Payroll taxes	5,520	--	--	--	10,419
Travel	472	--	--	--	--
Repairs and maintenance	--	--	--	--	805
Rent and utilities	--	--	--	--	--
In-kind rent	--	--	--	--	61,980
Telephone	1,038	1,038	--	--	1,371
Advertising	--	--	--	--	--
Outside services	--	--	--	--	82
Fundraising	--	--	--	--	10
Donations	--	--	--	--	--
Interest expense	--	--	--	--	--
Miscellaneous	--	--	--	--	320
Bad debt expense	--	--	--	--	--
Total expenses before depreciation	140,751	83,507	94,580	80,100	230,757
Depreciation	--	2,245	--	--	25,042
Total expenses	<u>\$140,751</u>	<u>\$85,752</u>	<u>\$94,580</u>	<u>\$80,100</u>	<u>\$255,799</u>

See accompanying notes to financial statements.



<u>MAYA'S House</u>	<u>Employment Services</u>	<u>Bailey Housing Project</u>	<u>Total Program Expenses</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ --	\$ --	\$ --	\$ 1,535	\$ --	\$ --	\$ 1,535
93	--	--	1,371	--	--	1,371
--	--	--	4,286	--	--	4,286
--	--	--	172,344	--	--	172,344
--	--	--	16,792	--	--	16,792
--	--	--	16,764	--	--	16,764
21,784	--	--	264,434	138,960	--	403,394
--	--	--	1,246	4,582	--	5,828
704	--	--	3,586	--	--	3,586
20,014	--	--	80,055	--	--	80,055
40	--	--	227	823	--	1,050
180	--	--	325	7,038	--	7,363
1,893	--	10,502	38,449	17,563	--	56,012
--	297	--	733	18,375	25,640	44,748
2,201	--	--	18,140	15,574	--	33,714
--	--	--	472	--	--	472
--	--	17,492	18,297	--	--	18,297
3,120	950	19,850	23,920	--	--	23,920
10,800	--	--	72,780	13,210	--	85,990
2,148	--	--	5,595	7,814	--	13,409
--	--	--	--	43	--	43
--	--	--	82	--	--	82
--	--	--	10	--	11,732	11,742
--	--	--	--	--	--	--
--	--	23,464	23,464	7,423	--	30,887
735	--	--	1,055	136	--	1,191
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10,557</u>	<u>--</u>	<u>10,557</u>
63,712	1,247	71,308	765,962	242,098	37,372	1,045,432
<u>491</u>	<u>--</u>	<u>16,390</u>	<u>44,168</u>	<u>5,422</u>	<u>--</u>	<u>49,590</u>
<u>\$64,203</u>	<u>\$1,247</u>	<u>\$87,698</u>	<u>\$810,130</u>	<u>\$247,520</u>	<u>\$37,372</u>	<u>\$1,095,022</u>

SHELTER CARE MINISTRIES, INC

STATEMENT OF FUNCTIONAL EXPENSES BY PROGRAM  
Year Ended June 30, 2015

	Homeless Program				Jubilee Drop-in Center
	Emergency Housing	Transitional Housing	Permanent Housing	Veterans Housing	
Client transportation	\$ 131	\$ 55	\$ 860	\$ 330	\$ 32
Client food	--	--	--	--	3,114
Client services	320	--	650	25,123	121
Scattered site housing:					
Rent and utilities	48,559	52,241	40,902	35,245	--
Furnishings	2,027	112	5,418	19,440	--
Maintenance	10,930	5,560	575	3,042	379
Salaries	68,890	40,068	24,507	23,117	148,013
Auto and truck	1,020	763	--	--	1,270
Program supplies	--	--	--	--	3,946
In-kind program supplies	17,703	17,703	--	--	17,704
Dues, publications and seminars	125	35	--	--	736
Office expense	50	55	--	--	131
Insurance	7,505	6,923	88	--	9,566
Professional fees	177	177	--	--	1,759
Payroll taxes	9,484	--	--	--	11,484
Travel	--	--	--	--	--
Repairs and maintenance	--	--	--	--	2,245
Rent and utilities	--	--	--	--	--
In-kind rent	--	--	--	--	61,980
Telephone	2,608	2,499	--	--	373
Advertising	--	--	--	--	--
Outside services	--	--	--	--	1,510
Fundraising	--	--	--	--	--
Interest expense	--	--	--	--	--
Miscellaneous	--	25	--	--	696
Total expenses before depreciation	169,529	126,216	73,000	106,297	265,059
Depreciation	--	2,245	--	--	25,192
Total expenses	<u>\$169,529</u>	<u>\$128,461</u>	<u>\$73,000</u>	<u>\$106,297</u>	<u>\$290,251</u>

See accompanying notes to financial statements.

MAYA'S <u>House</u>	Employment <u>Services</u>	Bailey Housing <u>Project</u>	Total Program <u>Expenses</u>	Management <u>and general</u>	<u>Fundraising</u>	Total <u>Expenses</u>
\$ 8	\$ --	\$ --	\$ 1,416	\$ --	\$ --	\$ 1,416
108	--	--	3,222	--	--	3,222
--	--	--	26,214	--	--	26,214
--	--	--	176,947	--	--	176,947
--	--	--	26,997	--	--	26,997
--	40	--	20,526	--	--	20,526
61,595	31,992	--	398,182	119,965	--	518,147
--	--	--	3,053	5,021	--	8,074
356	--	--	4,302	--	--	4,302
17,704	--	--	70,814	--	--	70,814
31	--	--	927	3,919	--	4,846
422	595	--	1,253	8,740	--	9,993
6,010	--	7,118	37,210	14,501	--	51,711
544	524	--	3,181	43,350	--	46,531
3,605	1,042	--	25,615	17,382	--	42,997
53	--	--	53	293	--	346
24	5,159	24,537	31,965	( 37)	--	31,928
3,120	1,750	25,789	30,659	--	--	30,659
10,800	--	--	72,780	13,210	--	85,990
1,185	178	--	6,843	7,363	--	14,206
--	--	--	--	6,203	--	6,203
--	--	--	1,510	--	--	1,510
--	--	--	--	--	30,866	30,866
--	--	25,342	25,342	7,280	--	32,622
<u>235</u>	<u>378</u>	<u>--</u>	<u>1,334</u>	<u>826</u>	<u>--</u>	<u>2,160</u>
105,800	41,658	82,786	970,345	248,016	30,866	1,249,227
<u>136</u>	<u>--</u>	<u>15,971</u>	<u>43,544</u>	<u>5,609</u>	<u>--</u>	<u>49,153</u>
<u>\$105,936</u>	<u>\$41,658</u>	<u>\$98,757</u>	<u>\$1,013,889</u>	<u>\$253,625</u>	<u>\$30,866</u>	<u>\$1,298,380</u>

SHELTER CARE MINISTRIES, INC.

STATEMENTS OF CASH FLOWS  
for the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$138,866	\$ 65,561
Adjustments to reconcile change in net assets to net cash from operating activities:		
Contribution of property and equipment	--	( 28,000)
Depreciation	49,590	49,153
Accounts receivable	( 60,174)	( 103,945)
Prepaid expenses	2,891	1,174
Accounts payable	( 38,201)	10,320
Accrued paid time off	18,383	12,405
Other liabilities	( 27,003)	23,948
Net cash from operating activities	<u>84,352</u>	<u>30,616</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	( 7,169)	( 14,820)
Net cash from investing activities	( 7,169)	( 14,820)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	--	40,000
Payments on line of credit	--	( 40,000)
Payments on capital lease	--	( 806)
Proceeds from notes payable	--	13,000
Payments on notes payable	( 54,206)	( 43,068)
Net cash from financing activities	( 54,206)	( 30,874)
Net change in cash and cash equivalents	22,977	( 15,078)
Cash and cash equivalents, beginning of year	<u>1,427</u>	<u>16,505</u>
Cash and cash equivalents, end of year	<u>\$ 24,404</u>	<u>\$ 1,427</u>

\*Supplemental Information:

Interest paid in 2016 and 2015 was \$30,887 and \$28,270, respectively.

The value of donated property and equipment in 2016 and 2015 was \$0 and \$28,000, respectively.

SHELTER CARE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE I

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Founded in 1985, Shelter Care Ministries, Inc. is incorporated as an Illinois not-for-profit whose mission is to provide shelter, awaken hope and honor dignity in every person who seeks comfort, support or assistance through our programs. The Organization's focus is on individuals with a chronic mental illness and families that are homeless in the Winnebago/Boone County area.

ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting in which revenue is recognized when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Unconditional Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in unrestricted net assets if the restriction is fulfilled in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets when a restriction is met. Conditional promises to give are not recognized until substantially all conditions are met. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on management's analysis of specific promises made and the prior years' experience.

Donated Assets and Services

The Organization records in-kind support for donated assets and services in the statement of activities at their estimated fair value at the date of receipt. Contributed professional services are recognized if the services (a) create or enhance a long-lived asset or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Property and Equipment

Additions of property and equipment of \$1,000 or more are recorded at cost if purchased or fair market value as of the date donated. Contributions of property and equipment are recorded as unrestricted support, absent donor stipulations regarding how long the assets must be used. Expenses for maintenance, repairs and improvements which do not significantly extend the useful lives of the assets are charged to operations as incurred. Depreciation is provided on the straight-line method over the assets' estimated useful lives which range from 5 to 39 years.

SHELTER CARE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE I NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, Continued

ACCOUNTING POLICIES, Continued

Functional Allocation of Expenses

Direct identifiable expenses are charged to program, management and general or fundraising expenses. Expenses related to more than one function are charged to program, management and general or fundraising expense on the basis of time records, square footage, and estimates made by the Organization's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs

It is the Organization's policy to expense advertising costs as incurred. Advertising costs were \$43 and \$6,203 in 2016 and 2015, respectively.

Income Tax

The Organization is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code as other than a private foundation, and from state income taxes under a similar code.

Use of Estimates by Management

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

NOTE II SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 21, 2016 which was the date these financial statements were available for issuance, and determined that there were no significant non-recognized events through that date.

NOTE III ACCOUNTS RECEIVABLE

The following summarizes accounts receivable as of June 30:

	<u>2016</u>	<u>2015</u>
Accounts receivable-Midtown	\$ 2,901	\$ 6,483
Grants receivable	139,137	52,402
Pledges receivable	40,000	55,000
United Way receivable	<u>34,328</u>	<u>42,307</u>
Total	<u>\$216,366</u>	<u>\$156,192</u>

SHELTER CARE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE IV PROPERTY AND EQUIPMENT

The following summarizes property, equipment and accumulated depreciation at June 30:

	<u>7/01/14</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/15</u>
Non-depreciable:				
Land	\$ 63,451	\$ --	\$ --	\$ 63,451
Depreciable:				
Buildings and improvements	1,727,414	--	--	1,727,414
Vehicles	45,240	--	--	45,240
Equipment, furnishings and fixtures	<u>84,134</u>	<u>7,169</u>	<u>--</u>	<u>91,303</u>
	1,920,239	7,169	--	1,927,408
Accumulated depreciation	( <u>579,909</u> )	( <u>49,590</u> )	<u>--</u>	( <u>629,499</u> )
Net property and equipment	<u>\$1,340,330</u>	( <u>\$42,421</u> )	<u>\$ --</u>	<u>\$1,297,909</u>
	<u>7/01/14</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/15</u>
Non-depreciable:				
Land	\$ 57,700	\$ 5,751	\$ --	\$ 63,451
Depreciable:				
Buildings and improvements	1,699,114	28,300	--	1,727,414
Vehicles	36,471	8,769	--	45,240
Equipment, furnishings and fixtures	<u>153,096</u>	<u>--</u>	( <u>68,962</u> )	<u>84,134</u>
	1,946,381	42,820	( 68,962 )	1,920,239
Accumulated depreciation	( <u>599,718</u> )	( <u>49,153</u> )	<u>68,962</u>	( <u>579,909</u> )
Net property and equipment	<u>\$1,346,663</u>	( <u>\$ 6,333</u> )	<u>\$ --</u>	<u>\$1,340,330</u>

Depreciation charged to operations in 2016 and 2015 was \$49,590 and \$49,153, respectively.

NOTE V INCOME TAXES

The Organization follows the requirements for accounting for uncertain tax positions issued by the Financial Accounting Standards Board (FASB). The Organization does not believe the financial statements include (or reflect) any uncertain tax positions. The Organization files tax returns for the United States and Illinois and is subject to examination by taxing authorities. The Organization's tax returns beginning in 2012 are open, by statute, for review by authorities. However, at present there are no ongoing income tax audits or unresolved disputes with the various tax authorities the Organization currently files or has filed with.

NOTE VI OPERATING LEASES

The Organization leases scattered site housing under various short-term agreements. Rent and utilities for this housing totaled \$172,162 and \$176,838 for the years ended June 30, 2016 and 2015, respectively.

The Organization leases a copier under a non-cancelable operating lease. The lease requires monthly payments of \$143 for five years, terminating in June 2019.

SHELTER CARE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE VII      LONG-TERM DEBT

The following summarizes long-term debt as of June 30:

	<u>2016</u>	<u>2015</u>
Commercial note payable in monthly installments of \$959 including principal and interest at 5.0%, unpaid balance due July 2020, collateralized by all the assets of the Organization	42,385	--
Mortgage payable in monthly installments of \$1,011 including principal and interest at 5.5%, unpaid balance due September 2018, collateralized by land	\$ 70,906	\$ 79,479
Mortgage payable in monthly installments of \$2,703 including principal and interest at 5%, unpaid balance due December 2026, collateralized by real estate	260,853	279,505
Mortgage payable in monthly installments of \$716 including principal and interest at 5%, unpaid balance due December 2017, collateralized by real estate	74,706	79,364
Mortgage payable in monthly installments of \$1,324 including principal and interest at 5%, unpaid balance due June 2017, collateralized by real estate	<u>15,460</u>	<u>30,168</u>
	464,310	468,516
Less current maturities	<u>58,345</u>	<u>46,897</u>
	<u>\$405,965</u>	<u>\$421,619</u>

The following is a schedule of future interest and principal payments:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/17	\$ <u>58,345</u>	\$ <u>22,212</u>	\$ <u>80,557</u>
6/30/18	109,642	17,905	127,547
6/30/19	86,096	12,121	98,217
6/30/20	34,202	9,751	43,953
6/30/21	25,123	8,201	33,324
Thereafter	<u>150,902</u>	<u>21,172</u>	<u>172,074</u>
	<u>405,965</u>	<u>69,150</u>	<u>475,115</u>
	<u>\$464,310</u>	<u>\$91,362</u>	<u>\$555,672</u>

During 2016 the organization's \$50,000 line of credit was converted to a commercial note payable.



SHELTER CARE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

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NOTE VIII TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the United Way pledges receivable of \$34,328 and \$42,307 at June 30, 2016 and 2015, respectively.

NOTE IX FAIR VALUE MEASUREMENTS

The Organization follows the authoritative guidance issued by the Financial Accounting Standards Board which defines fair value, establishes a framework for measuring fair value by providing a hierarchy used to classify the source of the information measuring fair value and expands disclosures about fair value measurements.

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities.
- Level 2 – Observable market based inputs or observable inputs that are corroborated by market data.
- Level 3 – Unobservable inputs that are not corroborated by market data.

At June 30, 2016 and 2015 cash and cash equivalents of \$23,404 and \$1,427, classified as Level 1, were the only assets or liabilities measured at fair value on a recurring basis.