

Shelter Care Ministries, Inc.

Financial Statements

Year ended June 30, 2019



WIPFLi^{LLP}
CPAs and Consultants



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Shelter Care Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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; 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Care Ministries, Inc. as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Project adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities-Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The ASU has been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Report on Summarized Comparative Information

The financial statements of Shelter Care Ministries, Inc as of June 30, 2018, were audited by other auditors whose report dated December 26, 2018, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020, on our consideration of Shelter Care Ministries, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shelter Care Ministries, Inc's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shelter Care Ministries, Inc's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP
May 29, 2020
Rockford, Illinois



**Independent Auditor's Report
On Internal Control Over Financial Reporting and On Compliance and
Other Matters Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shelter Care Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shelter Care Ministries, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shelter Care Ministries, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Shelter Care Ministries, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 to be significant deficiencies.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelter Care Ministries, Inc.'s financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Shelter Care Ministries, Inc's Response to Findings

Shelter Care Ministries Inc's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Shelter Care Ministries Inc's response was not subjected to our auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP
May 29, 2020
Rockford, Illinois

Shelter Care Ministries

Statement of Financial Position

June 30, 2019 (with comparative totals for June 30, 2018)

	2019	2018
<i>Assets</i>		
Cash and cash equivalents	\$ 89,986	\$ 129,832
Accounts receivable and unconditional promises to give	107,217	111,170
Restricted deposits and funded reserves	2,515	2,432
Property and equipment - Net	795,063	819,416
Total assets	\$ 994,781	\$ 1,062,850
<i>Liabilities and Net Assets</i>		
Accounts payable	\$ 721	\$ 7,944
Accrued expenses	38,127	25,538
Notes payable	50,701	84,273
Total liabilities	89,549	117,755
Net assets without donor restrictions, including \$2,515 and \$2,432 of board designated net assets	871,311	912,494
Net assets with donor restrictions	33,921	32,601
Total net assets	905,232	945,095
Total liabilities and net assets	\$ 994,781	\$ 1,062,850

See accompanying notes to financial statements.

Shelter Care Ministries

Statement of Activities

Year Ended June 30, 2019 (with comparative totals for year ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Support and revenue:				
Contributions	\$ 269,510	\$ 33,921	\$ 303,431	\$ 384,805
Governmental grants	439,568		439,568	514,172
Grants	99,865		99,865	99,891
In-kind contributions	202,951		202,951	192,598
Midtown rental income	37,125		37,125	65,421
Fundraising	63,916		63,916	63,673
Other income	931		931	2,149
Net assets released from restrictions	32,601	(32,601)		
Total support and revenue	1,146,467	1,320	1,147,787	1,322,709
Expenses:				
Program services	884,172		884,172	915,379
Management and general	246,601		246,601	220,489
Fundraising	56,877		56,877	31,639
Total expenses	1,187,650		1,187,650	1,167,507
Change in net assets	(41,183)	1,320	(39,863)	155,202
Net assets, beginning of year	912,494	32,601	945,094	789,892
Net assets, end of year	\$ 871,311	\$ 33,921	\$ 905,231	\$ 945,094

See accompanying notes to financial statements.

Shelter Care Ministries

Statement of Functional Expenses

Year Ended June 30, 2019

	Homeless Program	Jubilee Drop-in Center	MAYA's House	Total Program Expenses	Management and General	Fundraising	Total Expenses
Client transportation	\$ 795	\$ 303	\$ 274	\$ 1,372			\$ 1,372
Client food		4,290		4,290			4,290
Scattered site housing:							
Rent and utilities	247,063			247,063			247,063
Furnishings	16,504			16,504			16,504
Maintenance	16,072	25		16,097			16,097
Salaries, benefits, and payroll taxes	154,159	144,751	45,550	344,460	115,989	12,359	472,808
Auto and truck	1,589	1,849		3,438	4,847		8,285
In-kind donations	65,086	32,543	32,543	130,171			130,171
Dues, publications, and seminars					1,925		1,925
Office expense		275	124	399	5,786		6,185
Insurance	318	966	62	1,346	35,943		37,289
Professional fees		825		825	14,098	32,015	46,938
Repairs and maintenance		1,221		1,221	13,121		14,342
Rent and utilities			3,120	3,120	22,273		25,393
In-kind rent		61,980	10,800	72,780			72,780
Telephone	907	3,273	2,594	6,774	5,266		12,040
Advertising					550		550
Fundraising						12,503	12,503
Interest expense					3,101		3,101
Miscellaneous	182	4,577	835	5,594	5,752		11,346
Bad debt expense					5,050		5,050
Total expenses before depreciation	502,675	256,878	95,902	855,454	233,701	56,877	1,146,032
Depreciation	2,586	24,961	1,171	28,718	12,900		41,618
Total expenses	\$ 505,261	\$ 281,839	\$ 97,073	\$ 884,172	\$ 246,601	\$ 56,877	\$ 1,187,650

See accompanying notes to financial statements.

Shelter Care Ministries

Statement of Functional Expenses

Year Ended June 30, 2018

	Homeless Program	Jubilee Drop-in Center	MAYA's House	Bailey Housing Project	Total Program Expenses	Management and General	Fundraising	Total Expenses
Client transportation	\$ 3,072	\$ 361			\$ 3,433			\$ 3,433
Client food		3,468	263		3,731			3,731
Scattered site housing:								
Rent and utilities	302,516				302,516			302,516
Furnishings	12,237				12,237			12,237
Maintenance	10,853	20			10,873			10,873
Salaries and benefits	150,311	141,859	42,453		334,623	110,288		444,911
Auto and truck	996	28			1,024	5,539		6,563
Program supplies		2,384	298		2,682			2,682
In-kind donations	50,336	25,169	25,168		100,673			100,673
Dues, publications, and seminars	1,822				1,822	41		1,863
Office expense		74	66		140	6,262		6,402
Insurance	9,788	3,395	94	642	13,919	23,689		37,608
Professional fees	2,114	284		1,698	4,096	10,396	19,380	33,872
Payroll taxes								
Travel								
Repairs and maintenance		745			745	10,776		11,521
Rent and utilities			3,120	3,221	6,341	17,859		24,200
In-kind rent		61,980	10,800		72,780	145		72,925
Telephone	360	540	1,571		2,471	7,788		10,259
Advertising						378		378
Fundraising							12,259	12,259
Interest expense				3,355	3,355	1,375		4,730
Miscellaneous		2,720	493		3,213	5,489		8,702
Bad debt expense						9,106		9,106
Total expenses before depreciation and								
loss on disposal of assets	544,405	243,027	84,326	8,916	880,674	209,131	31,639	1,121,444
Loss on disposal of assets						6,051		6,051
Depreciation	1,464	27,768	1,081	4,392	34,705	5,307		40,012
Total expenses	\$ 545,869	\$ 270,795	\$ 85,407	\$ 13,308	\$ 915,379	\$ 220,489	\$ 31,639	\$ 1,167,507

See accompanying notes to financial statements.

Shelter Care Ministries

Statement of Cash Flows

Year Ended June 30, 2019 (with comparative totals for year ended June 30, 2018)

	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ (39,863)	\$ 155,202
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Contribution of property and equipment		(19,000)
Loss on disposal of asset	-	6,051
Depreciation	41,618	40,012
Accounts receivable	3,953	(17,071)
Changes in operating assets and liabilities:		
Accounts payable	(7,223)	(13,243)
Accrued expenses	12,589	(1,286)
Net cash flows from operating activities	11,074	150,665
Cash flows from investing activities:		
Purchase of property and equipment	(17,265)	(9,924)
Proceeds from sale of property held for sale		310,978
Net cash flows from investing activities	(17,265)	301,054
Cash flows from financing activities:		
Payments on EEC loan		(2,500)
Payments on notes payable	(33,572)	(334,275)
Net cash flows from financing activities	(33,572)	(336,775)
Net change in cash and cash equivalents	(39,763)	114,944
Cash and cash equivalents at beginning of year	132,263	17,319
Cash and cash equivalents at end of year	\$ 92,500	\$ 132,263

See accompanying notes to financial statements.

Shelter Care Ministries, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Shelter Care Ministries, Inc. (the "Organization") is a nonprofit organization founded in 1985. The Organization's 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.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The estimate of collectibility of unconditional promises to give and the estimate of useful life of property and equipment are particularly subject to change in the near term.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long term purposes, to be cash and cash equivalents.

Property and Equipment

Property and equipment are valued at cost if purchased or fair market value as of the date donated, with an expected life greater than one year and a cost greater than \$1,000. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in income. Depreciation is computed on the straight line method over the useful lives of the assets ranging from 5 to 40 years.

Shelter Care Ministries, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board designated endowment fund.

Net assets with donor restrictions: net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contribution Recognition

Support and revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions with donor restrictions are reported as contributions without donor restrictions if released in the year received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially 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. An allowance for doubtful accounts was not considered necessary at June 30, 2019 and 2018. All unconditional promises to give are expected to be received within one year.

In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Shelter Care Ministries, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation amount the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is classified as a public charity. The Organization is also exempt from Illinois taxing jurisdiction.

The Organization accounts for income taxes in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Accounting for Uncertainty Income Taxes*. The standard provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements and requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management does not believe any uncertain tax positions exist at June 30, 2019.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Accounting Standards Update

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic organizations for annual periods beginning after December 15, 2018. Management is evaluating what impact this new standard will have on its financial statements.

Shelter Care Ministries, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounting Standards Update (Continued)

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

In 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in ASU No. 2018-08 are effective for annual financial statements issued for the fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in ASU No. 2018-08 is permitted. The Organization has not elected to early implement the amendments.

Change in Accounting Policies

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-profit Entities*. This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective July 1, 2018.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of June 30, 2019:

Cash and cash equivalents	\$	89,986
Accounts receivable		107,217
Total financial assets		197,203
Less those unavailable for general expenditure within one year due to:		-
Purpose restriction		33,921
Financial assets available to meet cash needs for general expenditures within one year	\$	163,282

Shelter Care Ministries, Inc.

Notes to Financial Statements

Note 3: Board Designated Endowment

As of June 30, 2019 and 2018, the Board of Directors had designated \$2,515 and \$2,432, respectively, of net assets without donor restrictions as a general endowment fund to provide an additional source of support for the Organization activities. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. The Organization has a spending policy of appropriating for distribution based on investment earnings and the Organization's management.

The Organization's management has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

Investment Return Objective, Risk Parameters and Strategies: The Organization's has adopted an informal investment policy for endowment assets that attempts to provide a predictable stream of funding to its program. Accordingly, the investment process seeks to achieve an after-cost total real rate of return with acceptable levels of risk.

Endowment assets are invested in mutual funds and are intended to result in a consistent rate of return and sufficient liquidity to make distributions when necessary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the funds to unacceptable levels of risk.

Note 4: Property and Equipment

A summary of property and equipment is as follows as of June 30:

	2019	2018
Land	\$ 18,060	\$ 18,060
Buildings	187,473	187,473
Vehicles	29,681	22,818
Furniture and office equipment	1,254,508	1,249,533
Accumulated depreciation and amortization	(694,659)	(658,468)
Total	\$ 795,063	\$ 819,416

Shelter Care Ministries, Inc.

Notes to Financial Statements

Note 5: Operating Leases

The Organization leases scattered site housing under various short-term agreements. Rent and utilities for this housing totaled \$247,063 and \$302,516 for the year ended June 30, 2019 and 2018, respectively. All such leases expire by June 30, 2020.

Note 6: Notes Payable

The Organization has the following notes payable as of June 30:

	2019	2018
Mortgage payable in monthly installments of \$761 including principal and interest at 5.25%, unpaid balance due September 2023, collateralized by land	\$ 32,618	\$ 53,587
	-	-
Commercial note payable in monthly installments of \$959 including principal and interest at 5.00%, unpaid balance due July 2020, collateralized by all assets of the Organization	12,083	22,686
	-	-
Loan payable in quarterly installments of \$500 principal at 0% interest, uncollateralized, due in full December 2022	6,000	8,000
Total	\$ 50,701	\$ 84,273

Scheduled principal payments on long-term debt at June 30, 2019, including current maturities, are summarized as follows:

2020	\$ 15,992
2021	10,723
2022	10,224
2023	9,667
2024	4,095
Total	\$ 50,701

Note 7: Net Assets with Donor Restriction

Net assets with donor restrictions are restricted for the following purposes or periods.

	2019	2018
Time restriction	\$ 33,921	\$ 32,601

Shelter Care Ministries, Inc.

Notes to Financial Statements

Note 8: Subsequent Events

Beginning in March 2020, the United States economy began suffering adverse effects from the Covid 19 virus crisis ("CV19 Crisis"). As of the date of issuance of the financial statements the Organization has started to see adverse impacts of the CV19 Crisis in the form of closing MAYA's House daycare and closing Jubilee Center to group gatherings. The future impact of the CV19 Crisis on the Organization, cannot be reasonably estimated at this time.

On April 13, 2020, the Organization entered into a promissory note agreement with Associated Bank, National Association in the amount of \$99,000. The loan was issued pursuant to the Paycheck Protection Program (the "PPP"), administered by the Small Business Administration, and bears interest of 1.00% with monthly payments of interest beginning October 13, 2020 and continuing on the same day of each month thereafter, and a final payment of all unpaid principal and accrued interest due on April 13, 2022. All or a portion of the loan may be forgiven if the Organization uses the proceeds of the loan for eligible payroll costs and other expenses in accordance with the PPP.

Shelter Care Ministries, Inc.

Schedule of Findings and Responses For the Year Ended June 30, 2019

Financial Statement Findings

2019-001

Condition/Criteria - The Organization has incomplete segregation of duties stemming from limited personnel. A good system of internal control involves segregation of duties so that no one individual can handle a transaction from its inception to its completion. Complete segregation of duties would require segregating responsibility for the initiation, approval and recording of all accounting transactions. While the organization's size may preclude complete segregation of duties, this situation should be understood.

Effects - Many of the accounting functions are performed by the same individuals.

Cause - The Organization has a limited number of staff to allow for adequate segregation of duties.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help segregate the accounting functions. However, the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the Organization's accounting and financial reporting.

Management response - The Organization's management and Board of Directors' close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the Organization's accounting and financial reporting.

2019-002

Condition/Criteria – The financial statements and disclosures are prepared by the external auditors.

Effects - The financial statements and disclosures are not prepared by the Organization.

Cause - The Organization does not have someone on staff that has the skills and knowledge to prepare the financial statements and disclosures.

Recommendation - It does not appear to be economically feasible to hire staff to prepare the financial statements and disclosures.

Management response – The Organization's management and Organization's Board's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.