THE PRESBYTERIA N NIG HT SHELTE R OF TA RRA NT COU NTY

FINA NCIA L STATEME NTS A ND OTHER IN FORMATION WITH

INDEPENDENT A UDITORS' REPORT

YEAR ENDED DECEMBER 31, 2014 (WITH COMPARATIV E TOTA LS FOR 2013)

## THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

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### September 28, 2015

The Board of Directors

The Presbyterian Night Shelter of Tainnt County Fort Worth, Texas

Ind epen den t Aud i tors' Report

Report on the Fina ncia l Statemen ts

We have audited the accompanying financial statements of The Presbyterian Night Shelter of Tarrant County (the "Shelter") which comprise the statement of financial position as of December 31 , 2014 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements .

Ma nagemen t's Responsi bil ity for the Fina ncial Statemen ts

Management is responsi ble for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Uni ted 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 Res ponsi bil i ty

Our responsibi l ity is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general l y accepted in the United States of America 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 aud it 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, i ncluding the assessment of the risks of material m isstatement of the financi al 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 opin ion. An audit also includes evaluating the appropriateness of accounting pol icies used and the reasonableness of significant accou nting 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 opin ion.

Opin ion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Presbyterian Night Shelter of Tarrant Cou nty as of December 31, 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INT ER N AT I O N A L**

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### Report on Su m ma rized Com pa rative Information

The Presbyterian Night Shelter of TaJTant County 2013 financial statements, were audited by Sanford, Baumeister & Frazier, LLP, who became part of CliftonLarsonAllen , LLP as of September I , 2015, and whose report dated September 18, 2014, expressed an unmodified opinion on those audited financial statements . In our opinion , the summarized comparative information presented herein as of and for the year ended December 31 , 2013, is consistent, in al l material respects, with the audited financial statements from which it has been derived .

### Other Matters

Our audit was conducted for the purpose of form ing an op1111on on the financial statements as a whole . The accompanying schedu le of expenditures of federal and state awards, as required by the U.S. Office of Management and Budget Circular A-1 33, *Audits of States, local Governments, and Non-Profit Organizations ,* and the *UGMS State of Texas Single Audit Circular* is presented for purposes of additional analysis and is not a required pait of the financial statements. Such information is the responsibi l i ty of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and ce1tain additional procedures, including comparing and reconciling such information directly to the u nderlying accounting and other records used to prepare the financial statements or the financial statements themselves , and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated i n all material respects in relation to the financial statements as a whole .

Other Reporting Req u i red by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 28, 2015 , on our consideration of the Shelter's internal control over financial repo1ting and on our tests of its compl iance with certain provisions of laws, regu lations, contracts, and grant agreements and other matters. The purpose of that repo1t is to describe the scope of our testing of internal control over financial reporting and compl iance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an aud it performed in accordance with *Government Auditing Standards* in considering the Shelter's internal control over financial repo1ting and compliance.

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CLIFTONLARSONALLE N, LLP

Fmt Wmth, Texas

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THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2014 AND 2013

ASSETS

2014 2013

|  |  |  |  |
| --- | --- | --- | --- |
| Cash and cash equivalents | $ 1,830,422 |  | $ 740,810 |
| Government grants receivable | 21 3,250 |  | 144,285 |
| Other recei vables | 9,973 |  | 66,631 |
| Prepaid insurance and other assets | 63,570 |  | 90,922 |
| Promises to give - operations |  |  | I75,000 |
| Prom ises to give - Jong-term purposes | 1 ,182,641 |  | 538,549 |
| Property and equ ipment , net | 5,071 , 139 |  | 4,875,365 |
| Land held for sale | I08,570 |  | 108,570 |
| Cash restricted for long-term purposes | 2,346,345 |  | 1 ,158,248 |
| Cash restricted for board-designated endowment | I34,228 |  | 600,000 |
| Long-term investments | 8,894,875 |  | 9,032,394 |

TOTAL ASSETS $ 19,855,013 $ 17,530,774

LlABILITIES AND NET ASSETS

Liabilities

|  |  |  |  |
| --- | --- | --- | --- |
| Accounts payable | $ 139,873 |  | $ 53,307 |
| Accrued liabil ities | I14,297 |  | 182,841 |
| Deferred revenue | 50,51 1 |  | 20,800 |

Total Liabilities 304,681 256 ,948

### NET ASSETS

Unrestricted

T

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Undesignated | 6,576, 141 |  |  | 5,850,057 |
| Designated | 9,029, 103 |  |  | 9,632,394 |
|  | 15,605,244 |  |  | 15,482,451 |
| emporarily restricted 3,945,088 1,791,375 | | | | |

Total Net Assets I9,550,332 17,273,826

### TOT AL LIABILITIES A ND NET ASSETS $ I9,855,013 $ 17,530,774

### The accompanyi ng notes to fi nancial statements are an integral part of these statements.

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**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**

**STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2014**

**WITH COMPARATIVE TOTALS FOR 2013**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Unrestricted** | **Tempora rily Restricted** |  | **2014**  **Tota ls** |  | **201 3**  **Totals** |
| **SUPPORT AND REVENUE**  Contributions | $ 1,226,579 | $ 3,585,805 |  | $ 4,812,384 |  | $ 4,236, 175 |
| In-kind contributions | 9,600 |  |  | 9,600 |  | 1 16,435 |
| Government grants | 1,713,508 |  |  | 1,713,508 |  | 2,016,174 |
| Other grants | 223,671 |  |  | 223,671 |  | 235, 168 |
| Program fees | 103,263 |  |  | 103,263 |  | 79,576 |
| Rental income | 5,050 |  |  | 5,050 |  | 7,850 |
| Investment income, net of fees of $97,994 | 58,581 |  |  | 58,581 |  | 88,482 |
| Special events, net of expenses of $94,458 | 157,969 |  |  | 157,969 |  | 194,868 |
| Net realized and unrealized gain on investments | 130,165 |  |  | 130,165 |  | 1 ,741 ,079 |
| Miscellaneous income | 30,410 |  |  | 30,410 |  | 17, 177 |
| Oil and gas revenue | 50,612 |  |  | 50,612 |  | 58,859 |
| Net Assets Released From Restrictions: Satisfaction of program restrictions | 1,432,092 | (1,432,092) |  |  |  |  |
| Total Support and Revenue | 5, 141 ,500 | 2,153,713 |  | 7,295,213 |  | 8,791,843 |
| **EXPENSES** |  |  |  |  |  |  |
| Program | 3,933,361 |  |  | 3,933,361 |  | 3,891 ,895 |
| General and adm inistrati ve | 439,882 |  |  | 439,882 |  | 425,379 |
| Fund raising | 645,465 |  |  | 645,465 |  | 556,907 |
| Total Functional Expenses | 5,018,708 |  |  | 5,018,708 |  | 4,874,1 81 |
| **CHANGE IN NET ASSETS** | 122,793 | 2,153,713 |  | 2,276,506 |  | 3,917,662 |
| **NET ASSETS** - Beginning of Year | 15,482,451 | 1,791,375 |  | 17,273,826 |  | 13,356,164 |
| **NET ASSETS** - End of Year | $ 15,605,244 | $ 3,945,088 |  | $ 19,550,332 |  | $ 17,273,826 |

The accompanying notes to financial statements are an integral pai1 of these statements .

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## THE PRESBYTERIAN NIG HT SHELTER OF TARRANT COU NTY

**STATEMENT OF FUNCTIONAL EXPENSES Y EAR ENDED DECEMBER 31, 2014**

**WITH COMPARATIVE TOTALS FOR 2013**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Genera l** | | | | |
| **Program** |  | **and** |  | **Fund** |  | **Tota ls** |
| **Services** |  | **Administrative** |  | **Ra ising** |  | **2014 2013** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Salaries |  | $ 1 ,849,053 |  |  | $ 228,779 |  |  | $ 235 ,877 |  |  | $ 2,313,709 |  |  | $ 2,308,518 |  |
| Contract labor |  | 107,710 |  |  | 2,649 |  |  | 26,563 |  |  | 136,922 |  |  | 46,319 |  |
| Payroll taxes and employee benefits |  | 41 1,615 |  |  | 41 ,172 |  |  | 31 ,262 |  |  | 484,049 |  |  | 415,670 |  |
| Total salaries and related expenses |  | 2,368,378 |  |  | 272,600 |  |  | 293,702 |  |  | 2,934,680 |  |  | 2,770,507 |  |
| Specific assistance - client housi ng |  | 476,841 |  |  |  |  |  |  |  |  | 476,841 |  |  | 599,697 |  |
| Specific assistance - direct services |  | 35,31 1 |  |  |  |  |  |  |  |  | 35,31 1 |  |  | 49 ,743 |  |
| Professional fees |  | 2,306 |  |  | 29,297 |  |  | 270,849 |  |  | 302,452 |  |  | 266,262 |  |
| Office expenses |  | 9,203 |  |  | 27,832 |  |  | 24,818 |  |  | 61,853 |  |  | 59,581 |  |
| Information technology |  | 43,772 |  |  | 12,861 |  |  | 18,591 |  |  | 75,224 |  |  | 69,762 |  |
| Occupancy |  | 551,597 |  |  | 29, 160 |  |  | 4 ,929 |  |  | 585,686 |  |  | 548,1 13 |  |
| Conferences, meetings , & travel |  | 14,885 |  |  | 3,098 |  |  | 2,016 |  |  | 19,999 |  |  | 25,965 |  |
| Interest |  |  |  |  | 947 |  |  |  |  |  | 947 |  |  |  |  |
| Depreciation |  | 255,5 18 |  |  | 30,061 |  |  | 15,030 |  |  | 300,609 |  |  | 287,860 |  |
| Insurance |  | 51 ,493 |  |  | 4 ,357 |  |  |  |  |  | 55,850 |  |  | 51 ,940 |  |
| Meals and kitchen |  | 1 10,619 |  |  |  |  |  |  |  |  | 1 10,619 |  |  | 91 ,050 |  |
| Equipment repa i rs and maintenance |  |  |  |  | 25,761 |  |  |  |  |  | 25,761 |  |  | 23, 104 |  |
| Train ing |  | 4 ,663 |  |  | 2,304 |  |  | 1,907 |  |  | 8,874 |  |  | 5,444 |  |
| All other |  | 8,775 |  |  | 1 ,604 |  |  | 13,623 |  |  | 24,002 |  |  | 25, 153 |  |
|  |  | 1,564,983 |  |  | 167,282 |  |  | 351 ,763 |  |  | 2,084,028 |  |  | 2,103,674 |  |
| Total Expenses |  | $ 3,933,361 |  |  | $ 439,882 |  |  | $ 645,465 |  |  | $ 5,018,708 |  |  | $ 4,874,1 81 |  |

The accompanying notes to financial statements are an integral pmt of these statements.

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## THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

**STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 201 4 AND 2013**

**CASH FLOWS FROM OPERA TING ACTIVITIES**

**2014 2013**

Change in net assets $ 2,276,506 $ 3,917,662

Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:

|  |  |  |
| --- | --- | --- |
| Depreciation expense | 300,609 | 287,860 |
| Net realized and umealized gain on investments | (130,165) | (1,741 ,079) |
| Noncash gifts of land, property and equipment |  | ( 108,570) |
| (Increase) decrease in operating assets: Government grants receivable | (68,965) | 109,206 |
| Estate bequests receivable |  | 485 ,985 |
| Other receivables | 56,658 | (26,560) |
| Prepaid insurance and other assets | 27,352 | (80,989) |
| Prom ises to give | (469,092) | (175,000) |
| lncrease (decrease) in operating liabilities: |  |  |
| Accounts payable | 86,566 | (85,499) |
| Accrued liabi lities | (68,544) | 68,992 |
| Deferred revenue | 29,71 1 | (69,500) |
| Cash designated for endowment purposes |  | (600,000) |
| Cash restricted for capital improvement purposes | (1,188,097) | ( 1,696,797) |
| Contributions resh·icted for long-term purposes | (2,125,672) |  |
| Net Cash Provided by (Used In) Operating Activities | (1,273,1 33) | 285,711 |

## CASH FLOWS FROM INVESTING ACTIVITIES

|  |  |  |
| --- | --- | --- |
| Sale and maturity of long-term investments | 2,086,665 | 1,924,888 |
| Purchase of long-term inveshnents | (1,818,981) | (1,862,044) |
| Release of designated funds used for long-term purposes | 465,772 |  |
| Purchase of property and equipment | (496,383) | (370,449) |

Net Cash Provided By (Used in) Investing Activities 237,074 (307,605)

## CASH FLOWS FROM FINANCING ACTIVITIES

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Proceeds from contributions restricted for long-term purposes |  | 2,125,672 |  | |
| Proceeds from line of credit |  | 100,000 |
| Payments on line of credit |  | (100,000) |
| Net Cash Provided by Financing Activities |  | 2,125,672 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** |  | 1,089,612 |  | (21 ,894) |
| **CASH AND CASH EQUIVALENTS** - Beginning of Year |  | 740,810 |  | 762,704 |
| **CASH AND CASH EQUIVALENTS** - End of Year | $ | 1,830,422 | $ | 740,810 |
| **SUPPLEMENTAL INFORMATION**  Interest paid | $ | 947 | $ |  |
| Noncash investing and financing transactions: |  |  |  |  |

Noncash gifts of land, property and equipment $ $ 108,570

The accompanying notes to financial statements are an integral part of these statements.

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## THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

**NOTES TO FINANCIAL STATEMENTS DECEMBER 31 , 201 4**

**NOTE 1 - ORGANIZATION AND OPERATIONS**

The Presbyterian N ight Shelter of Tarrant County (the "Shelter") provides temporary shelter for homeless men , women, and children in Tarrant County, Texas. Residents are provided with counseling services to assist them i n obtaining permanent housi ng, employment, financial assistance, and help with substance abuse. The Shelter is suppo1ted primarily through individ ual donor contributions, government grants, and area churches.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Shelter is presented to assist in understanding the Shelter's financial statements . The financial statements and notes are representations of the Shelter's management who are responsi ble for thei r integrity and objectivity. These accounting policies conform to accounting principles generally accepted i n the Un ited States of America (U.S. GAAP) and have been consistently appl ied in the preparation of the financial statements .

FINANCIAL STATEMENT PRESENTATION

The Shelter presents the financial statements in accordance with U.S. GAAP. As such, the Shelter is req u ired to rep011 information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The fund groups are repo1ted in the tlu·ee classes of net assets as follows:

Unrestricted Net Assets - These funds have no external restrictions and can be used for any purpose designated by the Board.

Temporarily Restricted Net Assets - These funds generally represent funds for which the donor has l imited the use of the funds by stipulating how or when the funds are to be used. The restrictions are satisfied either by passage of time or by actions of the Shelter.

Pe1manently Restricted Net Assets - These are funds that have been restricted by the donor and cannot be satisfied by the passage of time or by actions of the Shelter.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the repmted amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the repmted amounts of revenues and expenses during the rep01ting period . Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Shelter considers only cash in banks and on hand as cash and cash equivalents. These cash equivalents are financial instruments that potential ly subject the Shelter to concentrations of credit risk. The Shelter places its cash with h igh-credit-quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

GRANTS AND ACCOUNTS RECEIVABLE

The Shelter's receivables consist pri ncipally of program service fees from govern menta l agencies. The Shelter utilizes the allowance method for recogn ition of bad debts. Based on management 's assessment of the credit history of grantors, no allowance for doubtful accounts was deemed necessary as of December 31, 2014 and 201 3. Bad debt expense was $100 and $92 respectively, for the years ended December 31, 2014 and 2013 .

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## THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

**NOTES TO FINANCIAL STATEMENTS DECEMBER 31 , 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued CONTRIBUTIONS RECEIVED AND CONTRIBUTIONS MADE

### Contributions are recognized when unconditional commitments are received and recorded as u nresh·icted, temporarily restricted, or permanently restricted suppmi, depending on the existence and/or nature of any donor restrictions.

When a donor restriction expires, temporari ly restricted net assets are reclassified to unresh·icted net assets and repmied in the Statement of Activities as net assets released from restrictions.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment havi ng a useful life of one year or more are capitalized and recorded on the Shelter's books at cost. Donations of significant property and equipment are recorded as support at their estimated fair value. Such donations are repmied as unrestricted suppmi unless the donor has resh·icted the donated asset to a specific purpose. Assets donated with expl icit resh·ictions regarding their use and contributions of cash that must be used to acquire prope1iy and equipment are reported as restricted support. Absent donor stipulations regardi ng how long those donated assets must be maintained , the Shelter reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Shelter reclassifies temporarily resh·icted net assets to unrestricted net assets at that time. Estimated lives by assets class are as follows:

Buildings and Improvements Machinery and Equi pment Vehicles

Furniture and Fixtures

10-35 years

3-10 years

10 years

5-10 years

Maintenance, repairs, and minor renewals are expensed as incuned. When assets are retired or otherwise disposed of, their cost and related accumu lated depreciation are removed from the accounts. Resulting gains or losses are included in income.

Depreciation of buildings and equipment is computed on the straight-line basis over their estimated useful lives. The estimated useful l ives range from three to thirty five years. Depreciation expense for 2014 and 2013 amounted to $300,609 and $287,860, respectively, and is shown on the accompanying Statement of Functional Expenses.

IMPAIRMENT OF LONG-LIVED ASSETS

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the canying val ue of an asset may not be recoverable. An impairment loss is recogn ized when the estimated undiscounted future cash flows from the assets are less than the canying value of the assets. Assets to be disposed of are repmied at the lower of their carrying amount or fair val ue, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

INCOME TAXES

The Shelter is organ ized as a not-for-profit corporation under Section 501(c)(3) of the Internal Reven ue Code. This section exempts the Shelter from taxes on income. Accordingly, no provision for income taxes has been made in the financial statements. The Internal Reven ue Service has previously classified the Shelter as a public charity. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from u nrelated busi ness for the years ended Decem ber 31 , 2014 and 201 3.

The Shelter files as a tax-exempt organization. The Shelter's tax returns are subject to review and examination by federal and state authorities. Tax returns are open for audit by these authorities for three years from the due date of the return of the date actually filed.

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THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNI FICANT ACCOU NTING POLICIES - Continued CONCENTRATION OF CREDIT RISK

Financial instruments wh ich potentially subject the Shelter to concentrations of cred it risk consist primarily of receivables from program services and amounts deposited in banks in excess of the Federal Deposit Insurance Corporation's insured limit.

The Shelter cmTently invests primarily in U.S. Government obligations, corporate stocks and bonds, open and closed-end m utual funds and investment paitnerships. Management bel ieves diversity within the po1tfolio avoids significant concentration of credit risk with respect to these investments.

IN VESTMENTS AND FAIR VALUE MEASUREMENTS

The Shelter follows FASB ASC (Financial Accounti ng Standards Board Accounting Standards Codification) No. 958-320. Under th is section , investments in marketable securities with readily determinable fair values and all investments in debt securities are val ued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

FASB ASC No. 820-10, Fair Val ue Measurements , establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Th is hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices i n active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority . The Shelter uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The three levels of fair value hierarchy defined by FASB ASC No. 820- 10 are as follows:

Level I Fair Value Measurements - Quoted prices are available in active markets for identical assets or liabil i ties. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and vol ume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements - Pricing inputs are other than quoted prices in active markets included in Level I , wh ich are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued usi ng models or other valuation methodologies. These models are primarily ind ustry­

standard models that consider various assumptions, including quoted forward prices for commodities, time val ue, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantial ly all of these assumptions are observable in the marketplace throughout the full term of the instrument , can be derived from observable data or are suppo1ted by observable levels at wh ich transactions are executed in the marketplace.

Level 3 Fair Val ue Measurements - Pricing inputs include significant inputs that are general ly unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the Shelter's needs.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Shelter's non-investment financial instruments consist of cash and cash equivalents, receivables, accounts payable, accrued expenses and a line of credit note. The recorded values of these financial instruments approximate their fair val ues based on their short-term nature.

DON ATED SERVICES

No amounts have been reflected in the financial statements for donated services since no objective basis is avai lable to measure the val ue of such services. However, a number of volunteers donate significant amounts of their time to the Shelter.

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## THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

**NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 201 4**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program, fund-raising and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly , certain costs have been allocated among the programs and fund-raising activities benefited .

COMPARATIVE DATA

The 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 conformity with U.S . GAAP. Accordingly, such information should be read in conjunction with the Shelter's financial statements for the year ended December 31 , 2013, from which the summarized information was derived.

RECENTLY ISSUED ACCOUNTING PRONOUCEMENTS

The Shelter has determined that there have been no recently issued or adopted accounting standards that will have or had a material impact on its financial statements .

## NOTE 3 - PROMISES TO GIVE

The Shelter recogn izes uncond itional promises to give as support in the period the promise to give is made and repo1ts them as contributions in the statement of activities . Promises to give at December 31, 2014 are expected to be received as follows:

|  |  |
| --- | --- |
| Year Ending December 31 , 2015 | $ 1 ,140,808 |
| Year Ending December 31, 2016 | 34,333 |
| Year Ending December 31 , 2017 | 7,500 |

Total $ 1, 182,641

## NOTE 4 - PROPERTY AND EQUIPMENT

Prope1ty and equipment consisted of the following as of December 31, 2014 and 2013 :

### 2014 2013

Land $ 529,984 $ 529,984

Bui lding and improvements 6,701,463 6,267,273

Machinery and equipment 953,349 901 ,596

Veh icles 100,867 100,867

Furn iture and fixtures 633,248 622,809

|  |  |  |  |
| --- | --- | --- | --- |
| Total Cost | 8,918,912 |  | 8,422,529 |
| Less: Accumulated depreciation | (3,847,773) |  | (3,547, 164) |

Prope1ty and Equipment, Net $ 5,071 , 139 $ 4,875 ,365

### 10

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**

**NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 201 4**

**NOTE 5 - LONG-TERM INVESTMENTS**

Investments are carried at fair value, and realized and unreal ized gains and losses are reflected in the statement of activities. Long-term investments consist of the following as of December 31 , 2014 and 2013 :

2014 2013

Fair Value Cost Fair Val ue Cost

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Money market fund | $ 107,028 | $ 107,028 | $ 1 12,542 | $ 1 12,542 |
| Equities | 6,241 , 156 | 3,985,602 | 6,299,794 | 3,877,892 |

Fixed income 2,546,691 2,579,921 2,620,058 2 ,625,338 Totals $ 8,894,875 $ 6,672,551 $ 9,032,394 $ 6,615,772

**NOTE** 6 - **UNRESTRICTED DESIGNATED NET ASSETS/ENDOWMENT**

The by-laws of the Shelter provide for the establ ishment of the Presbyterian Night Shelter Endowment Fund (the "Endowment Fund") whereby gifts and bequests designated by the board for endowment are deposited to the Endowment Fund as well as undesignated gifts and bequests in the amount of $100,000 or more. The net income of the Endowment Fund is available for use by the Shelter for operating purposes upon an approving vote by the Board of Directors .

As of December 31, 2014 , the Shelter's endowment fund consisted of equities, fixed income and money market funds. These funds are designated by the Board of Directors to function as endowments . As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and rep01ted based upon the existence or absence of donor-imposed restrictions.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

At the beginn ing of each fiscal year, upon recommendation by the Finance Committee and approval by the Board, an amount not to exceed 5% of the three-year rolling average of the market value of the investments, shall be avai lable for the Shelter's operations. Excess amounts may be withdrawn for operations only upon the affirmative vote of 75% of the num ber of Directors serving.

**Com position and Activity of Endowment Funds**

Endowment net assets are composed of board designated amounts at December 31, 2014 and 2013. The changes in the endowment net assets for the years ended December 3 **1 ,** 20 I 4 and 20 I 3 are as follows:

201 4 201 3

Balance at Beginning of Year Current year additions

$ 9,632,394 $ 7,354, I 59

600,000

Current year distributions

Investment income (including realized and unrealized gains and

(778,326)

(139,500)

losses and a ll income paid on investments , less expenses)

175,035 1 ,81 7,735

### Balance at End of Year $ 9,029,103 $ 9,632,394

### 1 1

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**

**NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014**

**NOTE 6 - UNRESTRICTED DESIGNATED NET ASSETS/ENDOWMENT -** Continued

**Return Objectives and Risk Parameters**

The Endowment Fund 's minimum real rate of return goal of the investment portfol io, adjusted for inflation, is 3%. It is also expected that the investment p01ifolio's return will compare favorably with po1ifolios of similar objectives and asset allocation and selected weighted marker indices. The preferred index is the S&P 500 Equity Index .

The equity portion of the p01ifolio should range between a m inim um of 30% and a maximum of 70% at market val ue. The fixed income p01iion should range between these parameters . Deviation from these ranges is subject to approval by the Finance Comm ittee.

**Strategies Employed for Achieving Objectives**

The Endowment Fund uti l izes the assistance of Luther King Capital Management to manage and monitor investments and investment objectives .

**NOTE** 7 - **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are avai lable for the following purposes as of December 31, 2014 and 2013: Restricted Purpose 2014 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Awesome outings |  | $ 1,588 |  | $ 1,034 |
| Job placement |  | 14,916 |  |  |
| Food |  |  |  | 22,265 |
| Main Shelter flowers |  |  |  | 21 |
| Chaplai n program |  | 12,737 |  | 65,480 |
| Dispensary |  |  |  | 882 |
| Women and children |  | 1,752 |  | 377 |
| Capital expenditures for new campus |  | 3,905,754 |  | 1,696,797 |
| Client services |  | 6,775 |  | 2,319 |
| Recycl ing |  | 1,078 |  | 1,681 |
| Safe Haven |  | 488 |  | 51 9 |

Total Restricted Funds $ 3,945,088 $ 1,791,375

**NOTE 8 - FAIR VA LUE MEASUREMENT OF INVESTMENTS**

Investments as of December 31, 2014 are summarized below by their level in fair value hierarchy:

Investment Level 1 Level 2 Level 3 Totals

|  |  |  |
| --- | --- | --- |
| Money Market Funds | $ 107,028 | $ $ $ 107,028 |
| Equity Securities | 6,241, 156 | 6,241 , 156 |

Fixed Income Securities 2,546 ,691 2,546,691 Total Investments $ 6,348,1 84 $ 2,546,691 $ $ 8,894,875

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## TH E PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY

**NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 201 4**

**NOTE** 8 - **FAIR VA LUE M EASUREMENT OF INVESTMENTS** - Contin ued

### Investments as of December 3 I, 2013 are summarized below by their level in fair value hierarchy :

Investment Level I Leve l 2

Level 3 Totals

|  |  |  |
| --- | --- | --- |
| Money Market Funds | $ I 12,542 | $ $ $ 1 12,542 |
| Equity Securities | 6,299,794 | 6,299,794 |
| Fixed Income Securities |  | 2,620,058 2,620,058 |
| Total I nvestments | $ 6,412,336 | $ 2,620,058 $ $ 9,032,394 |
| **NOTE 10 - LINE OF CREDIT**  The Shelter ma intains an open-ended | l ine of cred i t with a | bank which has a borrowing limit of $3,000,000 and |

bears interest at a rate of LIBOR pl us 1 .90%. Bo1rnwings on the balance up to $250,000 may be done at management's discretion, while bo1rnwi ngs exceeding $250,000 and up to $750,000 must be approved by the Finance Comm ittee. Any bmrnwings which cause the balance to exceed $750,000 must have full board approval. The l ine of credit is secured by the investments held in the Shelter's board -designated endowment with fair val ues of $8,894,875 and $9,032,394, respectively, as of December 31, 2014 and 2013. There was no outstanding balance on the l ine of credit as of December 31, 20 I4 and 20 I3.

**NOTE I 1 - EMPLOYEE BENEFIT PLAN**

The Shelter sponsors a 40 I(k) plan for all qualified employees . At its discretion, the Shelter may match a portion of employee contributions, up to the maximum amounts set by the IRS. Employer contributions to the Plan amounted to $9,886 and -0- during the year ended December 31, 2014 and 2013, respectively.

**NOTE 12 - ECONOMIC DEPENDENCY**

The Shelter recei ves a substantial amount of its support from federal and state government grants and contracts. These grants and contracts require fulfillment of certain conditions as set fo11h in the grant documents and contracts. Failure to fulfill the conditions could resu lt in the return of funds to grantors or non-renewal of contract.

**NOTE 13 - SUBSEQUENT EVENTS**

On March 2, 2015, the Organization sold land available for sale with a carrying value of $ I08,570, realizing a net sales price of $89,510.

Management has evaluated subsequent events through September 28, 20 I5, the date on wh ich the financial statements were avai lable to be issued.

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OTHER FINA NCIA L IN FORMATION

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September 28,201 5

To the Board of Directors

The Presbyterian Night Shelter Of TaITant County

Fort Worth, Texas

### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED

ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED

IN ACCORDANCE WITH *GOVERNM ENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the Un ited States of America and the standards applicable to financial aud its contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Presbyterian Night Shelter of Tarrant County ("the Shelter"), which comprise the statement of financial position as of December 3 I , 20 I 4, 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 i ssued our report thereon dated September 28,2015

### In terna l Control over Fina ncia l Repo rting

In planning and performing our audit of the financial statements, we considered the Shelter's internal control over financial reporting to determine the aud it procedures that are appropriate in the circumstances for the purpo se of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shelter's internal control over financial reporting . Accordingly, we do not express an opinion on the effecti veness of the Shelter's internal control over financial reporting .

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 perfo1ming their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency , or combination of deficiencies, in internal control such that there is a reasonable possibi l ity that a material misstatement of the entity's financial statements will not be prevented, or detected and coITected on a timely basis . A significant deficiency is a deficiency, or a combination of deficiencies, in i nternal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial repo1ii ng was for the l im ited purpose described i n the first paragraph of this section and was not designed to identify all deficiencies i n internal control over financial reporti ng that m ight be material weaknesses or significant deficiencies . Given these l imitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified .

### Com plia nce and Other Ma tters

As part of obtaining reasonable assurance about whether the Shelter's financial statements are free of materi al m i sstatement, we performed tests of its compliance with ce1iain provis ions of laws, regulations , contracts and grant agreements, noncompl iance with wh ich cou ld have a direct and material effect on the determ ination of financial statement amounts. However, providing an opin ion 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 noncompl iance or other matters that are required to be reported under *Government Auditing Standards .*

INTER N AT ION A L

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**Purpose of this Report**

The purpose of th is repo1i is solely to describe the scope of our testi ng of internal control and compl iance and the resul ts of that testi ng, and not to provide an opin ion on the effecti veness of the organization's internal control or on compl iance. This repmi is an integral paii of an audit performed i n accordance with *Government Auditing Standards* in considering the Shelter's interna l control and compl iance. Accord ingly, th is communication is not suitable for any other purpose .

***f uiflH. t ) LLP***

**CLIFTONLARSONA LLEN, LLP**

Fo1i Worth , Texas

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**CliftonlarsonAllen** - --- CbAconnect.com

September 28, 201 5

To the Board of Directors

The Presbyterian Night Shelter Of Tarrant County

INDEPENDENT AUDITORS' REPORT ON COMPLIA NCE FOR EACH MAJOR PROGRAM A ND ON INTERNAL CONTROL

OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE UGMS STATE OF TEXAS SINGLE AU DIT CIRCULAR

Report on Com plia nce for Each Major Progra m

We have audited the Presbyterian Night Shelter of Tarrant County's ("the Shelter") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the Texas Governor's Office of Budget and Planning *Uniform Grant Management Standards (UGMS)* which includes the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Shelter's major federal and state programs for the year ended December 31, 2014. The Shelter's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Ma nagemen t's Responsi bility

Management is responsi ble for compl iance with the requi rements of laws, regu lations, contracts, and grants appl icable to its federal and state programs .

A ud itor's Responsi bility

Our responsibility is to express an opinion on compl iance for each of the Shelter's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations;* and the *UGMS State a/ Texas Single Audit Circular* (the Circular). Those standards, OMB Circular A-133 and the Circular require that we plan and perform the aud it to obtain reasonable assurance about whether noncom pliance with the types of compliance req uirements referred to above that could have a direct and material effect on a major federal or state program occurred . A compliance audit includes examining, on a test basis, evidence about the Shelter's compliance with those requirements and performi ng such other procedures as we considered necessary in the circumstances.

We bel ieve that our aud it provides a reasonable basis for our opinion on compl iance for each major federal and state program. However, our audit does not provide a legal deterrn ination of the Shelter's compliance with those requ irements.

Opin ion on Each Major Federa l and State Progra m

In our opinion, Presbyterian Night Shelter of Tarrant County compl ied, in all material respects, with the compl iance req uirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

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INTE R N A T ION A L

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**Report on Interna l Control Over Compliance**

Management of the Shelter is responsi ble for establ ishing and mai ntain ing effective internal control over compliance with the types of compl iance requirements referred to above. In plann ing and performing our audit of compl iance, we considered the Shelter's internal control over compliance with the types of requ irements that could have a d irect and material effect on each major federal or state program to determine the auditing procedures that are appropriate i n the circumstances for the purpose of expressing an opin ion on compliance for each major federal or state program and to test and repo11 on internal control over compl iance i n accordance with OMB Circular A- 133 and the State of Texas Single A udit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingl y, we do not express an opinion on the effectiveness on the Shelter's internal control over compl iance.

A deficiency i n interna l control over compl iance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing thei r assigned functions, to prevent or detect and correct, noncompliance with a type of compl iance requirement of a federal or state program on a timely basis. A material weakness i n internal control over compl iance is a deficiency, or combination of deficiencies, in internal control over compl iance, such that there is a reasonable possibility that material noncompliance with a type of compliance req uirement of a federal or state program wi ll not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compl iance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compl iance requirement of a federal or state program that is less severe than a material weakness in internal control over compl iance, yet important enough to merit attention by those charged wi th governance.

Our consideration of the internal control over compl iance was for the lim ited purpose descri bed in the first paragraph of th is section and was not designed to identify a ll deficiencies in the internal control over compl iance that m ight be materia l weaknesses or sign i ficant deficiencies . We d id not identify any deficiencies in internal control over compl iance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control is solely to describe the scope of our testing of internal control over compl iance and the resu lts of that testing based on the requirements of OMB Circular A-133 and the State of Texas Single A udit Circular. Accordi ngly, th is repo11is not suitable for any other purpose .

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**CLIFTONLARSONA LLEN, LLP**

Fort Wmth , Texas

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**PRESBYTERIAN NfG HT SHELTER OF TARRANT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTrONED COSTS ON FEDERAL AND STATE AWARDS**

**YEAR ENDED DECEMBER 31 , 201 4 SUMMARY OF AUDITORS' RESULTS**

#### *Financial Statements*

Type of auditor 's report issued : Unmodified

I ntern a l control over financial repo11ing:

* Material weakness(es) identified?
* Significant deficiency(ies) identified?

Noncompl iance material to financial

\_\_ yes

yes

1- no

1- no

statements noted?

\_\_ yes *1\_* no

#### *Federal Awards*

Interna l control over major programs :

* Material wea kness(es) identified?
* Significant deficiency(ies) identified?

\_\_ yes

\_\_ yes

1- no

*1\_* none reported

Type of auditor's repo11 issued on compl iance for major programs: Unmodified

Any aud it find ings d isclosed that are required to be repo11ed in accordance with Section

51 O(a) of OMS Circu lar A-1 33 or the

State of Texas Single Audit Circu lar?

yes \_x no

Identification of major programs : CFDA N umber(s)

### 14.235

Name of Federal or State Program or Cluster Supportive Housing Program

Dollar threshold used to distinguish between

type A and type B programs: $ 300,000

Auditee qual ified as low-risk auditee?

X yes no

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THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COU NTY

SCHEDULE OF EXPENDITURES OF FEDERA L A ND STATE AWARDS YEAR ENDED DECEM BER 31, 2014

U.S. Depa rtment of Homela nd Secu rity Pass-through Program s from :

Federal Emergency Ma nagement Agency Emergency Food and Shelter National Board

Program

Total U.S. Department of Homeland Security

U.S. Depa rtment of Housi ng and Urba n Development Pass-through Programs from:

City of Fort Worth

Federa l CFDA

Nu m ber

97.024

Gra nt

Nu m ber

Federal

Expenditu res

$ 52,062

52,062

St

|  |  |  |  |
| --- | --- | --- | --- |
| Emergency Shelter Grants Program | 14.231 | 44864 | 69,202 |
|  |  | 46167 | 23,208 |
| Community Development Block Grants | 14.218 | 461 58 | 14, 179 |
| ate of Texas - TDHCA  Emergency Shelter Grant Program 14 .231 42130001 758 23,881 | | | |
| Emergency Shelter Grant Program | 14.23 1 | 42140002071 | 13,759 |
| r ra nt Cou nty  Emergency Shelter Grants Program | 14.23 1 | E- I 3-UC-48-0001 | 6,366 |
|  |  | E-14-UC-48-0001 | 43,656 |
| Supportive Hou sing Program |  |  |  |
| Operations | 14.235 | TXO l 18L6TO l 1205 | 120,810 |
|  |  | TXO 1 I 8L6TO 1 1306 | 12,553 |
| Admi nistration | 14.235 | TXO l 18L6TOl 1205 | 1 1,352 |
|  |  | TX01 18L6TO l 1306 | 1,265 |
| Supporting Services | 14.235 | TX01 18L6TO l 1205 | 33,576 |
|  |  | TXO I 18L6TO 1 1306 | 4,1 51 |
| Housi ng Solutions | 14.235 | TX0098L6TO 1 1205 | 544,790 |
|  |  | TX0098L6TO l 1306 | 103,890 |

Ta

Total U.S. Department of Housing and Urban Development

1,026,638

|  |  |  |
| --- | --- | --- |
| Total - Emergency Shelter Grant Program | 14.231 | 180,072 |
| Total - Commun ity Block Development Grant | 14.218 | 14,179 |
| Total - Supportive Housi ng Program | 14 .235 | 832,387 |

U.S. Depa rtmen t of Vetera ns' Affai rs

|  |  |  |  |
| --- | --- | --- | --- |
| Homeless Providers Grant and Per Diem Program | 64.024 | 98-041-TX | 270,979 |
|  |  | 04-124-TX | 84,567 |
|  |  | 05-81-TX | 268,931 |
| Total U .S. Department of Veteran Affairs |  |  | 624,477 |
| Total Federal and State Awa rds |  |  | $ 1,703, 177 |

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**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31 , 201 4**

**Reportable Conditions i n Interna l Control**

Finding 2013-1

*Condition:* Errors were found on two out of twenty-five timecards selected for review. Hours charged per the timecard did not match those charged to the general ledger or payroll summary on the first transaction. Hours charged in total matched on the second transaction, but the allocations between programs charged to the general ledger did not match the actual time and effo1i per the time card.

*Recommendation:* We recommend that the Shelter improve its time and effort process to ensure that only actual hours are reported by timecards and charged to the general ledger, and that hours are accurately charged to the program subledgers based on actual time charged on ti me records. *Current Status:* The recommendation was adopted during 2014. No similar findings were noted during the 2014 aud it.

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**THE PRESBYTERI AN NIG HT SHELTER OF TARRANT COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS YEAR ENDED DECEMBER 31 , 2014**

**NOTE 1 - BASIS OF PR ESENT ATION**

The accompanyi ng schedule of expenditures of federal and state awards includes the federal and state grant activity of The Presbyterian Night Shelter of Tarrant Cou nty and is presented on the accrual basis of accounting. The information in th is schedule is presented i n accordance with the requirements of OMB Circular A-1 33, *Audits of States, Local Governments, and Non-Profit Organizations* and the *UGMS State of Texas Single Audit Circular.* Therefore, some amounts presented in th is schedu le may d iffer from amounts presented in, or used i n the preparation of the basic financial statements.

## NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the sched ule, The Presbyterian Night Shelter of Tarrant County provided no federal awards to subrecipients .

## NOTE 3 - NON-CASH ASSISTANCE

The Shelter did not receive any non-cash assistance from federal or state awards for the year ended December 31 ,

2014.

## NOTE 4 - LOANS

At year-end, the Shelter had no loans or loan guarantees outstanding with federal or state award ing agencies.

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