

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**

**FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)**

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Presbyterian Night Shelter of Tarrant County  
Fort Worth, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statement of The Presbyterian Night Shelter of Tarrant County (the Shelter), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audits in accordance with auditing standards generally 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 The Presbyterian Night Shelter of Tarrant County as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility 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 certain additional procedures, including comparing and reconciling such information directly to the underlying 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 in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017, on our consideration of the Shelter’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 The Presbyterian Night Shelter of Tarrant County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Shelter’s internal control over financial reporting and compliance.

**Report on Summarized Comparative Information**

We have previously audited the Shelter’s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which is has been derived.

*CliftonLarsonAllen LLP*  
**CliftonLarsonAllen LLP**

Fort Worth, Texas  
September 25, 2017

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**  
(WITH COMPARATIVE TOTALS FOR 2015)

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,773,371	\$ 2,473,281
Government Grants Receivable	169,224	234,331
Other Receivables	23,077	7,507
Prepaid Insurance and Other Assets	82,795	65,018
Promises to Give - Long-Term Purposes	377,741	900,625
Property and Equipment, Net	12,126,029	9,894,709
Cash Restricted for Long-Term Purposes	-	1,266,325
Cash Restricted for Board-Designated Endowment	236,191	49,988
Long-Term Investments	8,974,391	8,283,217
Total Assets	\$ 23,762,819	\$ 23,175,001
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 214,329	\$ 1,001,082
Accrued Liabilities	153,765	140,281
Deferred Revenue	97,350	45,146
Notes Payable	500,000	-
Total Liabilities	965,444	1,186,509
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	13,172,982	11,349,027
Designated	8,974,391	8,333,205
	22,147,373	19,682,232
Temporarily Restricted	650,002	2,306,260
Total Net Assets	22,797,375	21,988,492
Total Liabilities and Net Assets	\$ 23,762,819	\$ 23,175,001

See accompanying Notes to Financial Statements.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR 2015)**

	Unrestricted	Temporarily Restricted	2016	2015
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,523,842	\$ 1,051,619	\$ 2,575,461	\$ 5,396,280
In-Kind Contributions	92,019	-	92,019	79,131
Government Grants	2,337,130	-	2,337,130	2,022,296
Other Grants	444,581	-	444,581	333,500
Program Fees	116,653	-	116,653	120,461
Rental Income	35,956	-	35,956	1,200
Investment Income, Net of Fees of \$55,043	77,173	-	77,173	105,408
Special Events, Net of Expenses of \$105,817	136,228	-	136,228	158,409
Net Realized and Unrealized Gain (Loss) on Investments	806,661	-	806,661	(408,683)
Miscellaneous Income	59,868	-	59,868	54,541
Oil and Gas Revenue	5,275	-	5,275	21,749
Gain (Loss) on Disposal of Assets	23,043	-	23,043	(19,060)
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	2,707,877	(2,707,877)	-	-
Total Support and Revenue	<u>8,366,306</u>	<u>(1,656,258)</u>	<u>6,710,048</u>	<u>7,865,232</u>
<b>EXPENSES</b>				
Program	4,824,807	-	4,824,807	4,354,656
General and Administrative	485,165	-	485,165	461,930
Fundraising	591,193	-	591,193	610,486
Total Functional Expenses	<u>5,901,165</u>	<u>-</u>	<u>5,901,165</u>	<u>5,427,072</u>
<b>CHANGE IN NET ASSETS</b>	2,465,141	(1,656,258)	808,883	2,438,160
Net Assets - Beginning of Year	<u>19,682,232</u>	<u>2,306,260</u>	<u>21,988,492</u>	<u>19,550,332</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 22,147,373</u>	<u>\$ 650,002</u>	<u>\$ 22,797,375</u>	<u>\$ 21,988,492</u>

See accompanying Notes to Financial Statements.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2016**

	Program Services	General and Administrative	Fund Raising	Totals	
				2016	2015
Salaries	2,153,176	\$ 234,316	\$ 268,664	\$ 2,656,156	\$ 2,542,234
Contract Labor	103,763	-	-	103,763	156,778
Payroll Taxes and Employee Benefits	447,673	48,858	41,668	538,199	514,071
Total Salaries and Related Expenses	<u>2,704,612</u>	<u>283,174</u>	<u>310,332</u>	<u>3,298,118</u>	<u>3,213,083</u>
Specific Assistance - Client Housing	707,354	-	-	707,354	577,701
Specific Assistance - Direct Services	12,062	-	-	12,062	17,133
Professional Fees	1,719	53,294	164,769	219,782	283,482
Office Expenses	13,638	16,899	24,917	55,454	64,404
Information Technology	53,342	12,943	27,466	93,751	108,671
Occupancy	708,523	34,194	13,464	756,181	622,541
Conferences, Meetings, and Travel	17,992	3,107	4,109	25,208	28,955
Interest	-	1,591	-	1,591	1,362
Depreciation	413,558	48,654	24,327	486,539	301,298
Insurance	67,333	4,977	-	72,310	59,584
Meals and Kitchen	108,946	-	-	108,946	101,970
Equipment Repairs and Maintenance	835	22,202	-	23,037	22,812
Training	7,357	1,062	564	8,983	6,388
Bad Debt Expense	-	-	15,000	15,000	-
All Other	7,536	3,068	6,245	16,849	17,688
	<u>2,120,195</u>	<u>201,991</u>	<u>280,861</u>	<u>2,603,047</u>	<u>2,213,989</u>
 Total Expenses	 <u>\$ 4,824,807</u>	 <u>\$ 485,165</u>	 <u>\$ 591,193</u>	 <u>\$ 5,901,165</u>	 <u>\$ 5,427,072</u>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2016**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 808,883	\$ 2,438,160
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	486,539	301,298
(Gain) Loss on Disposal of Asset	(23,043)	19,060
Noncash Contribution of Investment Securities	(89,789)	(77,848)
Proceeds from Sale of Donated Securities	90,833	-
Noncash Gifts of Land, Property, and Equipment	(45,129)	(23,267)
Net Realized and Unrealized (Gain) Loss on Investments	(806,661)	408,683
(Increase) Decrease in Operating Assets:		
Government Grants Receivable	65,107	(21,081)
Other Receivables	(15,570)	2,466
Prepaid Insurance and Other Assets	(17,777)	(1,448)
Promises to Give	522,884	282,016
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(786,753)	(59,871)
Accrued Liabilities	13,484	25,984
Deferred Revenue	52,204	(5,365)
Change in Cash Restricted for Capital Improvement Purposes	1,266,325	1,080,020
Contributions Restricted for Long-Term Purposes	(280,045)	(3,732,675)
Net Cash Provided by Operating Activities	1,241,492	636,132
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale and Maturity of Long-Term Investments	1,995,610	2,595,292
Purchase of Long-Term Investments	(1,881,166)	(2,314,468)
Release of Designated Funds Used for Long-Term Purposes	(186,203)	84,240
Proceeds from Insurance for Hail Damage	64,449	-
Proceeds from Sale of Land Held for Sale	-	89,510
Purchase of Property and Equipment	(2,714,137)	(4,180,522)
Net Cash Used by Investing Activities	(2,721,447)	(3,725,948)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Long-Term Purposes	280,045	3,732,675
Proceeds from Federal Home Loan	500,000	-
Proceeds from Line of Credit	100,000	120,000
Payments on Line of Credit	(100,000)	(120,000)
Net Cash Provided by Financing Activities	780,045	3,732,675
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(699,910)	642,859
Cash and Cash Equivalents - Beginning of Year	2,473,281	1,830,422
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,773,371	\$ 2,473,281
<b>SUPPLEMENTAL NONCASH INFORMATION</b>		
Interest Paid	\$ 1,591	\$ 1,362
Equipment Purchased through short-term trade accounts	\$ -	\$ 921,080



**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Presbyterian Night 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 in obtaining permanent housing, employment, financial assistance, and help with substance abuse. The Shelter is supported primarily through individual donor contributions, government grants, and area churches.

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 responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied 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 required to report 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 reported in the three classes of net assets as follows:

**Unrestricted**

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

**Temporarily Restricted**

These funds generally represent funds for which the donor has limited 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.

**Permanently Restricted**

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 Estimated**

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

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 potentially subject the Shelter to concentrations of credit risk. The Shelter places its cash with high-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 principally of program service fees from governmental agencies. The Shelter utilizes the allowance method for recognition 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, 2016 and 2015. Bad debt expense was \$15,000 and \$-0- respectively, for the years ended December 31, 2016 and 2015.

**Contributions Received and Contributions Made**

Contributions are recognized when unconditional commitments are received and recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Property and Equipment**

Expenditures for property and equipment in excess of \$5,000 and having 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 reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding 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 restricted net assets to unrestricted net assets at that time. Estimated lives by assets class are as follows:

Buildings and Improvements	10-35 years
Machinery and Equipment	3-10 years
Vehicles	10 years
Furniture and Fixtures	5-10 years

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated 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 lives range from three to thirty five years. Depreciation expense for 2016 and 2015 amounted to \$486,539 and \$301,298, 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 carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, 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 organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue 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 Revenue Service (IRS) 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 unrelated business for the years ended December 31, 2016 and 2015.

The Shelter files as a tax-exempt organization. The Shelter's tax returns are subject to review and examination by federal and state authorities.

**Concentration of Credit Risk**

Financial instruments which potentially subject the Shelter to concentrations of credit 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 currently invests primarily in U.S. Government obligations, corporate stock and bonds, open and closed-end mutual funds and investment partnerships. Management believes diversity within the portfolio avoids significant concentration of credit risk with respect to these investments.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Fair Value Measurements**

The Shelter follows FASB ASC (Financial Accounting Standards Board Accounting Standards Codification) No. 958-320. Under this section, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued 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 Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in 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 1: Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3: Pricing inputs include significant inputs that are generally 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.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services**

No amounts have been reflected in the financial statements for donated services since these services do not meet the requirements for recording under U.S. GAAP. However, a number of volunteers donate significant amounts of their time to the Shelter.

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

**NOTE 2 PROMISES TO GIVE**

The Shelter recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the statement of activities. Promises to give at December 31, 2016 are expected to be received as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	<u>\$ 377,741</u>
Total	<u><u>\$ 377,741</u></u>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31:

	2016	2015
Land	\$ 529,984	\$ 529,984
Building and Improvements	13,852,722	11,796,174
Machinery and Equipment	1,133,317	983,506
Vehicles	100,867	100,867
Furniture and Fixtures	1,106,746	633,249
Total Cost	<u>16,723,636</u>	<u>14,043,780</u>
Less Accumulated Depreciation	(4,597,607)	(4,149,071)
Property and Equipment, Net	<u>\$ 12,126,029</u>	<u>\$ 9,894,709</u>

**NOTE 4 LONG-TERM INVESTMENTS**

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

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Money Market Fund	\$ 409,489	\$ 409,489	\$ 326,023	\$ 326,023
Equities	6,244,878	3,984,974	5,541,936	3,812,326
Fixed Income	2,320,024	2,315,407	2,415,258	2,440,628
Totals	<u>\$ 8,974,391</u>	<u>\$ 6,709,870</u>	<u>\$ 8,283,217</u>	<u>\$ 6,578,977</u>

**NOTE 5 UNRESTRICTED DESIGNATED NET ASSETS/ENDOWMENT**

The by-laws of the Shelter provide for the establishment 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 \$1,000 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, 2016, 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 reported based upon the existence or absence of donor-imposed restrictions.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 5 UNRESTRICTED DESIGNATED NET ASSETS/ENDOWMENT (CONTINUED)**

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

At the beginning of each fiscal year, upon recommendation by the Finance Committee and approval by the board, an amount not to exceed 4.5% of the five-year moving average of the market value of the investments, shall be available for the Shelter's operations. This set spending rate was to be phased in over the next three years as follows: 5% in 2016, 4.75% in 2017 and 4.5% in 2018. Excess amounts may be withdrawn for operations only upon the affirmative vote of 75% of the number of directors serving.

**Composition and Activity of Endowment Funds**

Endowment net assets are composed of board designated amounts at December 31, 2016 and 2015. The changes in the endowment net assets by net asset classification for the years ended December 31 are as follows:

	<u>Unrestricted (Designated)</u>	<u>Total</u>
<b>Endowment net assets, December 31, 2014</b>	\$ 9,029,103	\$ 9,029,103
Investment income, net of expenses (including realized and unrealized gains and losses)	(303,275)	(303,275)
Contributions	-	-
Appropriation of endowment assets for expenditure	<u>(392,623)</u>	<u>(392,623)</u>
<b>Endowment net assets, December 31, 2015</b>	8,333,205	8,333,205
Investment income, net of expenses (including realized and unrealized gains and losses)	883,834	883,834
Contributions	135,000	135,000
Transfer of Board designations	(49,988)	(49,988)
Appropriation of endowment assets for expenditure	<u>(327,660)</u>	<u>(327,660)</u>
<b>Endowment net assets, December 31, 2016</b>	<u><u>\$ 8,974,391</u></u>	<u><u>\$ 8,974,391</u></u>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 5 UNRESTRICTED DESIGNATED NET ASSETS/ENDOWMENT (CONTINUED)**

**Return Objectives and Risk Parameters**

The Endowment Fund's minimum real rate of return goal of the investment portfolio, adjusted for inflation, is 3%. It is also expected that the investment portfolio's return will compare favorably with portfolios of similar objectives and asset allocation and selected weighted marker indices. The preferred index is 70% S&P 500 Equity Index and 30% Lehman Aggregate.

The equity portion of the portfolio should range between a minimum of 30% and a maximum of 70% at market value. The fixed income portion should range between these parameters. Deviation from these ranges is subject to approval by the Finance Committee.

**Strategies Employed for Achieving Objectives**

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

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes as of December 31:

	2016	2015
Awesome Outings	\$ 2,462	\$ 2,462
Job Placement	-	42
Social Enterprise	150,487	-
Women and Children	98,118	1,145
Capital Expenditures for New Campus	-	2,296,490
Client Services	5,317	5,317
Recycling	-	299
Safe Haven	876	505
Time Restricted Pledges	392,742	-
Total Restricted Funds	<u>\$ 650,002</u>	<u>\$ 2,306,260</u>



**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 7 FAIR VALUE MEASUREMENT OF INVESTMENTS**

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

	2016			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 409,489	\$ -	\$ -	\$ 409,489
Equity Securities	6,244,878	-	-	6,244,878
Fixed Income Securities	-	2,320,024	-	2,320,024
Total Investments	\$ 6,654,367	\$ 2,320,024	\$ -	\$ 8,974,391

  

	2015			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 326,023	\$ -	\$ -	\$ 326,023
Equity Securities	5,541,936	-	-	5,541,936
Fixed Income Securities	-	2,415,258	-	2,415,258
Total Investments	\$ 5,867,959	\$ 2,415,258	\$ -	\$ 8,283,217

**NOTE 8 LINE OF CREDIT**

The Shelter maintains an open-ended line of credit with a bank which has a borrowing limit of \$3,000,000 and bears interest at a rate of LIBOR plus 1.90%. Borrowings on the balance up to \$250,000 may be done at management's discretion, while borrowings exceeding \$250,000 and up to \$750,000 must be approved by the Finance Committee. Any borrowings which cause the balance to exceed \$750,000 must have full board approval. The line of credit is secured by the investments held in the Shelter's board-designated endowment with fair values of \$8,974,391 and \$8,283,217, respectively, as of December 31, 2016 and 2015. There was no outstanding balance on the line of credit as of December 31, 2016 and 2015.

During 2016, the Shelter was also awarded a contingent grant by the Federal Home Loan Bank in the form of a forgivable loan of \$500,000 to assist with construction of a women & children's shelter. The forgiveness of the loan is contingent on the following provisions: 1) the project remains in the Shelter's position for 15 years beginning June 6, 2016 (the retention period), 2) in the event of a sale, the contingent grant must be repaid, 3) the rental units of the project must be occupied by individuals with income at or below certain income levels during the retention period. This loan has been recorded in Notes Payable in the Statement of Financial Position.

**NOTE 9 EMPLOYEE BENEFIT PLAN**

The Shelter sponsors a 401(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 \$11,315 and \$10,905 during the years ended December 31, 2016 and 2015, respectively.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 10 ECONOMIC DEPENDENCY AND CONCENTRATIONS**

The Shelter receives 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 forth in the grant documents and contracts. Failure to fulfill the conditions could result in the return of funds to grantors or nonrenewal of contract.

Donors with total gifts exceeding 10% of the value of total contributions during the year are considered concentrated donors to the Shelter. There were no donors that comprised at least 10% of the total balance of contribution revenue for the year ended December 31, 2016.

**NOTE 11 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 25, 2017, the date on which the financial statements were available to be issued.

Subsequent to year end, the Fort Worth Foundation Trust transferred ownership and operations of True Worth Place, a resource facility to serve the homeless. A value for the facility has not been determined as of the September 25, 2017. The Foundation will also provide significant operational funding over a 5 year period based on the terms of the restricted gift agreement.

**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 *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
The Presbyterian Night Shelter of Tarrant County  
Fort Worth, Texas

We have audited, in accordance with the auditing standards generally 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, the financial statements of The Presbyterian Night Shelter of Tarrant County (the Shelter), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Shelter's internal control over financial reporting 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 the Shelter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness 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 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Shelter's financial statements are free of material misstatement, we performed tests of its 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*.

**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 on 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 Shelter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Forth Worth, Texas  
September 25, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE UGMS  
STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Directors  
The Presbyterian Night Shelter of Tarrant County  
Fort Worth, Texas

**Report on Compliance for Each Major Program**

We have audited The Presbyterian Night Shelter of Tarrant County's (the Shelter) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and 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, 2016. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)*, and the *State of Texas Single Audit Circular*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements 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 performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Shelter's compliance with those requirements.

**Opinion on Each Major Federal and State Program**

In our opinion, The Presbyterian Night Shelter of Tarrant County complied, in all material respects, with the types of compliance requirements 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, 2016.

**Report on Internal Control Over Compliance**

Management of the Shelter is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Shelter’s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness on the Shelter’s internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance 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 compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

  
**CliftonLarsonAllen LLP**

Forth Worth, Texas  
September 25, 2017

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

Type of auditors’ report issued on compliance for for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 or the State of Texas Single Audit Circular? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Housing Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**Section II – Findings Relating to the Financial Statement Audit Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards* and 2 CFR Section 200.516**

Our audit did not disclose any matters required to be reported in accordance with the above standards.

**Section III – Findings and Questioned Costs - Major Federal Programs**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**Section IV – Prior Year Findings**

There were no findings in the prior year that were required to be reported.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016**

Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Entity Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
Pass-through Programs from:			
Federal Emergency Management Agency Emergency Food and Shelter National Board Program	97.024	-	\$ 27,225
<b>Total U.S. Department of Homeland Security</b>			<u>27,225</u>
<b>U.S. Department of Housing and Urban Development</b>			
Pass-through Programs from:			
<b>City of Fort Worth</b>			
Emergency Shelter Grants Program	14.231	47275 48376	56,745 24,609
Community Development Block Grants	14.218	47276 48374	58,325 14,753
<b>Tarrant County</b>			
Emergency Shelter Grants Program	14.231	E-16-UC-48-0001	43,130
<b>State of Texas - TDHCA</b>			
Emergency Shelter Grant Program	14.231	42150002317	127,944
Emergency Shelter Grant Program	14.231	42160002553	26,559
Supportive Housing Program Operations	14.235	TX0098L6T011407 TX0118L6T011508	122,988 11,840
Administration	14.235	TX0098L6T011407 TX0118L6T011508	10,771 1,300
Supporting Services	14.235	TX0098L6T011407 TX0118L6T011508	34,190 3,729
Housing Solutions	14.235	TX0098L6T011407 TX0118L6T011508	699,206 154,329
<b>Total U.S. Department of Housing and Urban Development</b>			<u>1,390,418</u>
Total - Emergency Shelter Grant Program	14.231		<u>278,987</u>
Total - Community Block Development Grant	14.218		<u>73,078</u>
Total - Supportive Housing Program	14.235		<u>1,038,353</u>
<b>U.S. Department of Veterans' Affairs</b>			
Homeless Providers Grant and Per Diem Program	64.024	98-041-TX 04-124-TX 05-81-TX	290,504 98,157 291,033
<b>Total U.S. Department of Veteran Affairs</b>			<u>679,694</u>
<b>Total Federal and State Awards</b>			<u><u>\$ 2,097,337</u></u>



**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of The Presbyterian Night Shelter of Tarrant County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulators Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)* and the *UGMS State of Texas Single Audit Circular*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the Generally Accepted Accounting Principles basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 SUBRECIPIENTS**

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

**NOTE 4 NONCASH ASSISTANCE**

The Shelter did not receive any noncash assistance from federal or state awards for the year ended December 31, 2016.

**NOTE 5 LOANS**

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

**NOTE 6 INDIRECT COST RATES**

The Shelter has not elected to use the 10% de minimus indirect cost rate, and continues to use the rates negotiated individually with its grantors.