

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying consolidated financial statements of The Presbyterian Night Shelter of Tarrant County and Subsidiary (Shelter), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Presbyterian Night Shelter of Tarrant County and Subsidiary as of December 31, 2017, and the consolidated changes in their net assets and their 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 consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated 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 consolidated 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 24, 2018, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**CliftonLarsonAllen LLP**

Fort Worth, Texas  
September 24, 2018

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
(WITH COMPARATIVE TOTALS FOR 2016)

	2017	2016
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,877,165	\$ 1,773,371
Government Grants Receivable	297,857	169,224
Other Receivables	10,576	23,077
Prepaid Insurance and Other Assets	90,031	82,795
Promises to Give - Long-Term Purposes	3,643,831	377,741
Property and Equipment, Net	26,981,205	12,126,029
Cash Restricted for Board-Designated Endowment	-	236,191
Long-Term Investments	12,869,194	8,974,391
	<b>\$ 45,769,859</b>	<b>\$ 23,762,819</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 166,762	\$ 214,329
Accrued Liabilities	238,700	153,765
Deferred Tenant Improvements	1,552,438	-
Deferred Revenue	49,754	97,350
Notes Payable	1,300,000	500,000
Total Liabilities	3,307,654	965,444
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	13,185,257	13,172,982
Designated	10,622,933	8,974,391
	23,808,190	22,147,373
Temporarily Restricted	4,485,500	650,002
Permanently Restricted	14,168,515	-
	42,462,205	22,797,375
Total Net Assets	42,462,205	22,797,375
Total Liabilities and Net Assets	\$ 45,769,859	\$ 23,762,819

See accompanying Notes to Financial Statements.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017	2016
<b>SUPPORT AND REVENUE</b>					
Contributions	\$ 1,414,877	\$ 6,015,303	-	\$ 7,430,180	\$ 2,575,461
In-Kind Contributions	9,600	-	14,585,236	14,594,836	92,019
Government Grants	2,544,895	-	-	2,544,895	2,337,130
Other Grants	142,239	-	-	142,239	444,581
Program Fees	425,982	-	-	425,982	116,653
Rental Income	446,021	-	-	446,021	35,956
Investment Income, Net of Fees of \$69,237	150,161	-	-	150,161	77,173
Special Events, Net of Expenses of \$110,191	208,516	-	-	208,516	136,228
Net Realized and Unrealized Gain				-	
on Investments	1,352,246	-	-	1,352,246	806,661
Miscellaneous Income	95,715	-	-	95,715	59,868
Oil and Gas Revenue	8,089	-	-	8,089	5,275
Gain (Loss) on Disposal of Assets	(10,281)	-	-	(10,281)	23,043
Net Assets Released From Restrictions:					
Net Assets Released From Restrictions, Depreciation	416,721	-	(416,721)	-	-
Satisfaction of Program Restrictions	<u>2,179,805.00</u>	<u>(2,179,805)</u>		<u>-</u>	<u>-</u>
Total Support and Revenue	<u>9,384,586</u>	<u>3,835,498</u>	<u>14,168,515</u>	<u>27,388,599</u>	<u>6,710,048</u>
<b>EXPENSES</b>					
Program	6,526,262	-	-	6,526,262	4,824,807
General and Administrative	603,656	-	-	603,656	485,165
Fundraising	593,851	-	-	593,851	591,193
Total Functional Expenses	<u>7,723,769</u>	<u>-</u>	<u>-</u>	<u>7,723,769</u>	<u>5,901,165</u>
<b>CHANGE IN NET ASSETS</b>	1,660,817	3,835,498	14,168,515	19,664,830	808,883
Net Assets - Beginning of Year	<u>22,147,373</u>	<u>650,002</u>	<u>-</u>	<u>22,797,375</u>	<u>21,988,492</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 23,808,190</u>	<u>\$ 4,485,500</u>	<u>\$ 14,168,515</u>	<u>\$ 42,462,205</u>	<u>\$ 22,797,375</u>

See accompanying Notes to Financial Statements.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTION EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	Program Services	General and Administrative	Fund Raising	Totals	
				2017	2016
Salaries	\$ 2,824,783	\$ 308,091	\$ 316,298	\$ 3,449,172	\$ 2,656,156
Contract Labor	196,413	-	-	196,413	103,763
Payroll Taxes and Employee Benefits	576,680	53,201	53,698	683,579	538,199
Total Salaries and Related Expenses	<u>3,597,876</u>	<u>361,292</u>	<u>369,996</u>	<u>4,329,164</u>	<u>3,298,118</u>
Specific Assistance - Client Housing	763,833	-	-	763,833	707,354
Specific Assistance - Direct Services	12,542	-	-	12,542	12,062
Professional Fees	1,889	39,971	133,600	175,460	219,782
Office Expenses	19,112	21,692	21,929	62,733	55,454
Information Technology	45,913	18,809	18,291	83,013	93,751
Occupancy	863,190	48,898	6,423	918,511	756,181
Conferences, Meetings, and Travel	25,031	5,462	2,124	32,617	25,208
Interest	-	51	-	51	1,591
Depreciation	941,553	61,552	30,776	1,033,881	486,539
Insurance	100,730	14,706	-	115,436	72,310
Meals and Kitchen	122,183	-	-	122,183	108,946
Equipment Repairs and Maintenance	4,192	22,856	-	27,048	23,037
Training	13,136	1,433	1,471	16,040	8,983
Bad Debt Expense	305	2,400	-	2,705	15,000
All Other	14,777	4,534	9,241	28,552	16,849
	<u>2,928,386</u>	<u>242,364</u>	<u>223,855</u>	<u>3,394,605</u>	<u>2,603,047</u>
Total Expenses	<u>\$ 6,526,262</u>	<u>\$ 603,656</u>	<u>\$ 593,851</u>	<u>\$ 7,723,769</u>	<u>\$ 5,901,165</u>

See accompanying Notes to Financial Statements.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 19,664,830	\$ 808,883
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	1,033,881	486,539
(Gain) Loss on Disposal of Asset	10,281	(23,043)
Noncash Contribution of Investment Securities	(53,705)	(89,789)
Donated Securities Held at Year End	51,624	90,833
Noncash Gifts of Land, Property, and Equipment	(14,585,236)	(45,129)
Net Realized and Unrealized Gain on Investments	(1,352,246)	(806,661)
(Increase) Decrease in Operating Assets:		
Government Grants Receivable	(128,633)	65,107
Other Receivables	12,501	(15,570)
Prepaid Insurance and Other Assets	(7,236)	(17,777)
Promises to Give	(3,266,090)	522,884
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(47,567)	(786,753)
Accrued Liabilities	84,935	13,484
Deferred Tenant Improvements	1,552,438	-
Deferred Revenue	(47,596)	52,204
Change in Cash Restricted for Capital Improvement Purposes	-	1,266,325
Contributions Restricted for Long-Term Purposes	-	(280,045)
Net Cash Provided by Operating Activities	2,922,181	1,241,492
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale and Maturity of Long-Term Investments	3,483,164	1,995,610
Purchase of Long-Term Investments	(6,023,640)	(1,881,166)
(Additions) Release of Designated Funds Used for Long-Term Purposes	236,191	(186,203)
Proceeds from Insurance for Hail Damage	-	64,449
Purchase of Property and Equipment	(1,314,102)	(2,714,137)
Net Cash Used by Investing Activities	(3,618,387)	(2,721,447)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Long-Term Purposes	-	280,045
Proceeds from Federal Home Loan Bank Grant	500,000	500,000
Proceeds from CDBG Grant	300,000	-
Proceeds from Line of Credit	-	100,000
Payments on Line of Credit	-	(100,000)
Net Cash Provided by Financing Activities	800,000	780,045
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	103,794	(699,910)
Cash and Cash Equivalents - Beginning of Year	1,773,371	2,473,281
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,877,165	\$ 1,773,371
<b>SUPPLEMENTAL NONCASH INFORMATION</b>		
Interest Paid	\$ 51	\$ 1,591

See accompanying Notes to Financial Statements.



**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

As the county's largest provider of services to Tarrant County's homeless, Presbyterian Night Shelter of Tarrant County (the Shelter) provides shelter and meals for homeless men, women, and children in Tarrant County, Texas. Guests are provided with access to counseling services to assist them in obtaining permanent housing, employment, financial assistance, and help with substance abuse. Through the Clean Slate Program, guests who want to work are provided with gainful employment and job skill development. The Shelter is supported primarily through individual donor contributions, government grants, private foundations, and area churches.

Lighthouse for the Homeless d.b.a. True Worth Place, the only free area day shelter, is operated by Presbyterian Night Shelter. True Worth Place offers safe and clean day shelter and critical services to its guests including restroom and showers, laundry facilities, mailing address, telephones, computers and temporary storage. As a central resource center for people experiencing homelessness, True Worth Place links guests with local service providers, providing access to health care, employment, education, mental health and substance abuse treatment, benefits, and critical documents including ID's, Social Security cards and birth certificates.

This summary of significant accounting policies of the Shelter is presented to assist in understanding the Shelter's consolidated financial statements. The consolidated 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 consolidated financial statements.

**Consolidated Financial Statements**

The accompanying consolidated financial statements include the accounts of Presbyterian Night Shelter of Tarrant County (Shelter) and Lighthouse for the Homeless d.b.a. True Worth Place (TWP) since they are under common control. Significant intercompany transactions and balances have been eliminated in the consolidation.

**Financial Statement Presentation**

The Shelter presents the consolidated financial statements in accordance with U.S. GAAP. As such, the Shelter is required to report information regarding its consolidated 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.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**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 Estimates**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting 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 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, 2017 and 2016. Bad debt expense was \$2,705 and \$15,000 respectively, for the years ended December 31, 2017 and 2016.

**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 consolidated 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.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

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

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 2017 and 2016 amounted to \$1,033,881 and \$486,539, respectively, and is shown on the accompanying consolidated 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, 2017 and 2016.

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 AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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 consolidated 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.

**In-Kind Contributions and Donated Services**

No amounts have been reflected in the consolidated 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. In-kind gifts of materials, supplies and goods and gifts of real estate are also valued at their fair market value on the date of the donation.

**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.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**Comparative Data**

The consolidated 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 consolidated financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**NOTE 2 DONATION OF TRUE WORTH PLACE**

In-kind contributions recorded during the year ended December 31, 2017 primarily consists of a building called True Worth Place donated by a local foundation to the subsidiary of which the Organization is sole member. The value assigned to the building is based on the estimated FMV on the date of donation. The total value of the building at the date of gift is estimated at \$14,585,236.

The property transferred is subject to an initial deed restriction by Tarrant County Hospital District d/b/a JPS Health Network (JPS) which was carried over to the Shelter. These deed restrictions include the following:

- Construction of a central resource facility (True Worth Place) and related improvements and facilities on the property to serve the health and welfare needs of the homeless, indigent and medically underserved in Tarrant County.
- A lease for the JPS clinic at TWP within two years after all necessary governmental permits and approvals are issued for the construction and operation of TWP.
- TWP must be used solely for the following:
  - o Provide a central resource facility
  - o Serve the health and welfare needs of the homeless, indigent and medically underserved in Tarrant County
  - o House service agencies as necessary to provide for the health and welfare needs of the homeless, indigent and medically underserved in Tarrant County, including, but not limited to, the JPS Clinic.

As long as TWP continues to serve the homeless and lease its facilities to JPS as defined above, the land will not revert back to JPS. Due to the nature of the deed restriction, the property is considered to be permanently restricted.

As a condition to the assumption of deed and operations on True Worth Place, the Organization also received a five year \$7.2 million operational pledge to support True Worth Place from the local foundation. Such receivable is to be net of certain rental proceeds received on the building and is reflected net of discount and such estimated rental proceeds in the Note 3 – Promises to Give.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 3 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 consolidated statement of activities. Promises to give at December 31, 2017 are expected to be received as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 1,440,265
2019	1,431,389
2020	486,050
2021	497,879
Gross Pledges	<u>3,855,583</u>
Less: Present Value Discount	<u>(211,752)</u>
Net Pledges	<u><u>\$ 3,643,831</u></u>

**NOTE 4 PROPERTY AND EQUIPMENT**

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

	<u>2017</u>	<u>2016</u>
Land	\$ 532,731	\$ 529,984
Building and Improvements	29,350,364	13,852,722
Machinery and Equipment	1,322,527	1,133,317
Vehicles	153,296	100,867
Furniture and Fixtures	1,099,201	1,106,746
Total Cost	<u>32,458,119</u>	<u>16,723,636</u>
Less Accumulated Depreciation	<u>(5,476,914)</u>	<u>(4,597,607)</u>
Property and Equipment, Net	<u><u>\$ 26,981,205</u></u>	<u><u>\$ 12,126,029</u></u>

**NOTE 5 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:

	<u>2017</u>		<u>2016</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money Market Fund	\$ 1,139,600	\$ 1,139,600	\$ 409,489	\$ 409,489
Equities	8,008,103	4,907,124	6,244,878	3,984,974
Fixed Income	2,014,926	3,723,209	2,320,024	2,315,407
Community Trust Funds	1,706,565	1,573,821	-	-
Totals	<u><u>\$ 12,869,194</u></u>	<u><u>\$ 11,343,754</u></u>	<u><u>\$ 8,974,391</u></u>	<u><u>\$ 6,709,870</u></u>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 6 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, 2017, 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.

**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, 2017 and 2016. 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, 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>	8,974,391	8,974,391
Investment income, net of expenses (including realized and unrealized gains and losses)	1,347,609	1,347,609
Contributions	300,933	300,933
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>
<b>Endowment net assets, December 31, 2017</b>	<u><u>\$ 10,622,933</u></u>	<u><u>\$ 10,622,933</u></u>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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 portfolio, adjusted for inflation, is CPI plus 3% net of expenses. 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 and J.P.Morgan to manage and monitor investments and investment objectives, subject to governance review and approval.

**NOTE 7 TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2017</u>	<u>2016</u>
Awesome Outings	\$ 2,462	\$ 2,462
Social Enterprise	-	150,487
Women and Children	238,302	98,118
Client Services	3,757	5,317
Safe Haven	51,213	876
Patriot House Renovations	50,000	-
Time Restricted Pledges	3,855,582	392,742
True Worth - Critical Documents	382	-
True Worth Operations	283,802	-
Total Restricted Funds	<u>\$ 4,485,500</u>	<u>\$ 650,002</u>



**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 8 FAIR VALUE MEASUREMENT OF INVESTMENTS**

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

	2017			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 1,139,600	\$ -	\$ -	\$ 1,139,600
Equity Securities	8,008,103	-	-	8,008,103
Fixed Income Securities	-	2,014,926	-	2,014,926
Community Trust Funds	-	-	1,706,565	1,706,565
Total Investments	\$ 9,147,703	\$ 2,014,926	\$ 1,706,565	\$ 12,869,194

  

	2016			
	Level 1	Level 2	Level 3	Total
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

The activity in Level 3 investments during the years ended December 31 is as follows:

	2017	2016
Beginning Balance	\$ -	\$ -
Transfers In	1,724,931	-
Realized and Unrealized Gains (Loss)	131,156	-
Investment Income, Net	36,893	-
Miscellaneous Income	25	-
Sales of Investments (Distributions)	(172,352)	-
Investment and Administrative Fees	(14,088)	-
Ending Balance	\$ 1,706,565	\$ -

**NOTE 9 LINE OF CREDIT AND NOTES PAYABLE**

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%. The line of credit matures on May 31, 2018. 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 certain investments held in the Shelter's board-designated endowment with fair values of \$12,869,194 and \$8,974,391, respectively, as of December 31, 2017 and 2016. There was no outstanding balance on the line of credit as of December 31, 2017 and 2016.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 LINE OF CREDIT AND NOTES PAYABLE (CONTINUED)**

During 2017, the Shelter was awarded a contingent grant by the Federal Home Loan Bank in the form of a forgivable loan of \$500,000 to assist with the renovation of the Women's Center/Lowden-Schutts Rehab. The forgiveness of the loan is contingent on the following provisions: 1) the project remains in the Shelter's position for 15 years beginning October 30, 2017 (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 consolidated statement of financial position.

During 2016, the Shelter was 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.

During 2017, the Shelter was awarded a conditional grant in the form of a forgivable loan of \$300,000 to assist with the renovation of the Lowdon Schutts Building. The forgiveness of the loan is contingent of the following provisions to take place over a performance period of 5 years beginning on March 10, 2017: 1) The Lowdon Schutts Building located on the property that was rehabilitated must benefit homeless persons during the period of performance, 2) the Shelter must meet the CDBG requirements as outlined in the grant agreement during the performance period, 3) the Shelter must comply with the terms of the contract, the loan documents, and CDBG regulations.

**NOTE 10 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 \$17,196 and \$11,315 during the years ended December 31, 2017 and 2016, respectively.

**NOTE 11 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 was one donor that comprised 49% of total contribution revenue as of December 31, 2017. There were no donors with total gifts exceeding 10% of the value of total contributions as of December 31, 2016.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 LEASES AND DEFERRED TENANT IMPROVEMENTS**

True Worth leases a portion of its building to the Tarrant County Hospital District d.b.a JPS Health Network for a 10 year term. The following is a schedule by year of future minimum rentals under the lease at December 31, 2017:

2018	\$	171,287
2019		177,459
2020		183,632
2021		189,804
2022		195,977
Thereafter		901,185
	\$	<u>1,819,344</u>

This agreement includes a tenant improvement reimbursement amount of \$1,724,931 that JPS paid in advance to True Worth. The conditions of the True Worth agreements stipulated that the money be held in a fund with North Texas Community Foundation (NTCF) to be paid out on a regular basis over the term of the lease. The balance held with NTCF at December 31, 2017 amounted to \$1,706,565. The balance in deferred revenue at December 31, 2017 was \$1,552,438.

**NOTE 13 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 24, 2018, the date on which the financial statements were available to be issued.

**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 and Subsidiary  
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 and Subsidiary (the Shelter), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated 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 24, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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**

Fort Worth, Texas  
September 24, 2018

**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 and Subsidiary  
Fort Worth, Texas

**Report on Compliance for Each Major Program**

We have audited The Presbyterian Night Shelter of Tarrant County and Subsidiary'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, 2017. 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 Regulators 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 and Subsidiary 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, 2017.

### **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**

Fort Worth, Texas  
September 24, 2018

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2017**

**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 AND SUBSIDIARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2017**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Entity Number</u>	<u>Federal Expenditures</u>
<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	-	\$ 82,225
<b>Total U.S. Department of Homeland Security</b>			<u>82,225</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	48376 49956 48898 49976	75,666 24,546 88,202 30,530
Community Development Block Grants (cluster)	14.218	48374 48743 49953	55,060 300,000 31,136
<b>Tarrant County</b>			
Emergency Shelter Grants Program	14.231	E-16-UC-48-0001 E-17-UC-48-0001	43,766 49,610
Supportive Housing Program Operations	14.235	TX0118L6T011508 TX0118L6T011609	137,239 13,844
Administration	14.235	TX0118L6T011508 TX0118L6T011609	35,380 8,041
Supporting Services	14.235	TX0118L6T011508 TX0118L6T011609	232,512 38,454
Housing Solutions	14.235	TX0118L6T011508 TX0118L6T011609	498,019 101,557
<b>State of Texas - TDHCA</b>			
Emergency Shelter Grant Program	14.231	42160002553	94,688
Emergency Shelter Grant Program	14.231	42170002825	<u>8,095</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>1,866,345</u>
Total - Emergency Shelter Grant Program	14.231		<u>415,103</u>
Total - Community Block Development Grant (cluster)	14.218		<u>386,196</u>
Total - Supportive Housing Program	14.235		<u>1,065,046</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 PNST591-0629-549-SI-18-0 PNST591-0638-549-BH-18-0	202,287 66,451 195,860 64,390 66,445
<b>Total U.S. Department of Veteran Affairs</b>			<u>595,433</u>
<b>Total Federal and State Awards</b>			<u><b>\$ 2,544,003</b></u>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2017**

**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 and Subsidiary 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, 2017.

**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.



**CliftonLarsonAllen**

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**INDEPENDENT AUDITORS' REPORT  
ON CONSOLIDATING INFORMATION**

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

We have audited the consolidated financial statements of The Presbyterian Night Shelter of Tarrant County and Subsidiary as of and for the year ended December 31, 2017 and have issued our report thereon date September 24, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and 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 consolidated financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
September 24, 2018

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017**

<b>ASSETS</b>	PNS	TWP	Eliminating Entries	Consolidated Totals
Cash and Cash Equivalents	\$ 1,689,704	\$ 187,461	\$ -	\$ 1,877,165
Government Grants Receivable	247,423	50,434	-	297,857
Other Receivables	10,576	-	-	10,576
Related Party Receivable	29,409	-	(29,409)	-
Prepaid Insurance and Other Assets	90,031	38,021	(38,021)	90,031
Promises to Give - Long-Term Purposes	81,036	3,562,795	-	3,643,831
Property and Equipment, Net	12,799,987	14,181,218	-	26,981,205
Cash Restricted for Board-Designated Endowment	-	-	-	-
Investment in Subsidiary	18,649,115	-	(18,649,115)	-
Long-Term Investments	10,622,933	2,246,261	-	12,869,194
<b>Total Assets</b>	<b><u>\$ 44,220,214</u></b>	<b><u>\$ 20,266,190</u></b>	<b><u>\$ (18,716,545)</u></b>	<b><u>45,769,859</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 144,644	\$ 22,118	\$ -	166,762
Related Party Payable	-	29,409	(29,409)	-
Accrued Liabilities	225,590	13,110	-	238,700
Deferred Tenant Improvements	-	1,552,438	-	1,552,438
Deferred Revenue	87,775	-	(38,021)	49,754
Notes Payable	1,300,000	-	-	1,300,000
<b>Total Liabilities</b>	<b><u>1,758,009</u></b>	<b><u>1,617,075</u></b>	<b><u>(67,430)</u></b>	<b><u>3,307,654</u></b>
<b>NET ASSETS</b>				
Unrestricted				
Undesignated	13,185,257	421,871	(421,871)	13,185,257
Designated	10,622,933	-	-	10,622,933
	<u>23,808,190</u>	<u>421,871</u>	<u>(421,871)</u>	<u>23,808,190</u>
Temporarily Restricted	4,485,500	4,058,729	(4,058,729)	4,485,500
Permanently Restricted	14,168,515	14,168,515	(14,168,515)	14,168,515
<b>Total Net Assets</b>	<b><u>42,462,205</u></b>	<b><u>18,649,115</u></b>	<b><u>(18,649,115)</u></b>	<b><u>42,462,205</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 44,220,214</u></b>	<b><u>\$ 20,266,190</u></b>	<b><u>\$ (18,716,545)</u></b>	<b><u>\$ 45,769,859</u></b>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017**

	PNS	TWP	Eliminating Entries	Consolidated Totals
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 2,385,710	\$ 5,044,470	\$ -	\$ 7,430,180
In-Kind Contributions	9,600	14,585,236	-	14,594,836
Government Grants	2,398,358	146,537	-	2,544,895
Other Grants	142,239	-	-	142,239
Program Fees	425,982	-	-	425,982
Rental Income	126,263	319,758	-	446,021
Net Income from Subsidiary	18,649,115	-	(18,649,115)	-
Investment Income, Net of Fees of \$69,237	126,519	23,642	-	150,161
Special Events, Net of Expenses of \$110,191	210,016	(1,500)	-	208,516
Related Party Management Fees	242,997	-	(242,997)	-
Net Realized and Unrealized Gain				-
on Investments	1,221,090	131,156	-	1,352,246
Miscellaneous Income	87,738	7,977	-	95,715
Oil and Gas Revenue	8,089	-	-	8,089
Loss on Disposal of Assets	(10,281)	-	-	(10,281)
Total Support and Revenue	<u>26,023,435</u>	<u>20,257,276</u>	<u>(18,892,112)</u>	<u>27,388,599</u>
<b>EXPENSES</b>				
Salaries	3,022,448	426,724	-	3,449,172
Contract Labor	110,492	85,921	-	196,413
Payroll Taxes and Employee Benefits	591,060	92,519	-	683,579
Specific Assistance - Client Housing	761,283	2,550	-	763,833
Specific Assistance - Direct Services	10,877	1,665	-	12,542
Professional Fees	154,031	21,429	-	175,460
Office Expenses	56,239	6,494	-	62,733
Information Technology	76,809	6,204	-	83,013
Occupancy	682,517	235,994	-	918,511
Conferences, Meetings, and Travel	27,959	4,658	-	32,617
Interest	51	-	-	51
Depreciation	615,519	418,362	-	1,033,881
Insurance	74,579	40,857	-	115,436
Meals and Kitchen	106,219	15,964	-	122,183
Equipment Repairs and Maintenance	26,314	734	-	27,048
Training	12,328	3,712	-	16,040
Bad Debt Expense	2,705	-	-	2,705
All Other	27,175	1,377	-	28,552
Related Party Management Fees	-	242,997	(242,997)	-
Total Functional Expenses	<u>6,358,605</u>	<u>1,608,161</u>	<u>(242,997)</u>	<u>7,723,769</u>
<b>CHANGE IN NET ASSETS</b>	19,664,830	18,649,115	(18,649,115)	19,664,830
Net Assets - Beginning of Year	<u>22,797,375</u>	<u>-</u>	<u>-</u>	<u>22,797,375</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 42,462,205</u>	<u>\$ 18,649,115</u>	<u>\$ (18,649,115)</u>	<u>\$42,462,205</u>