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January 11, 2018

Board of Directors  
Albion Fellows Bacon Center, Inc.  
P.O. Box 3164  
Evansville, IN 47731

We have reviewed the report prepared by Albion Fellows Bacon Center, Inc. and opined upon by Weinzapfel & Co., LLC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Albion Fellows Bacon Center, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Weinzapfel & Co., LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

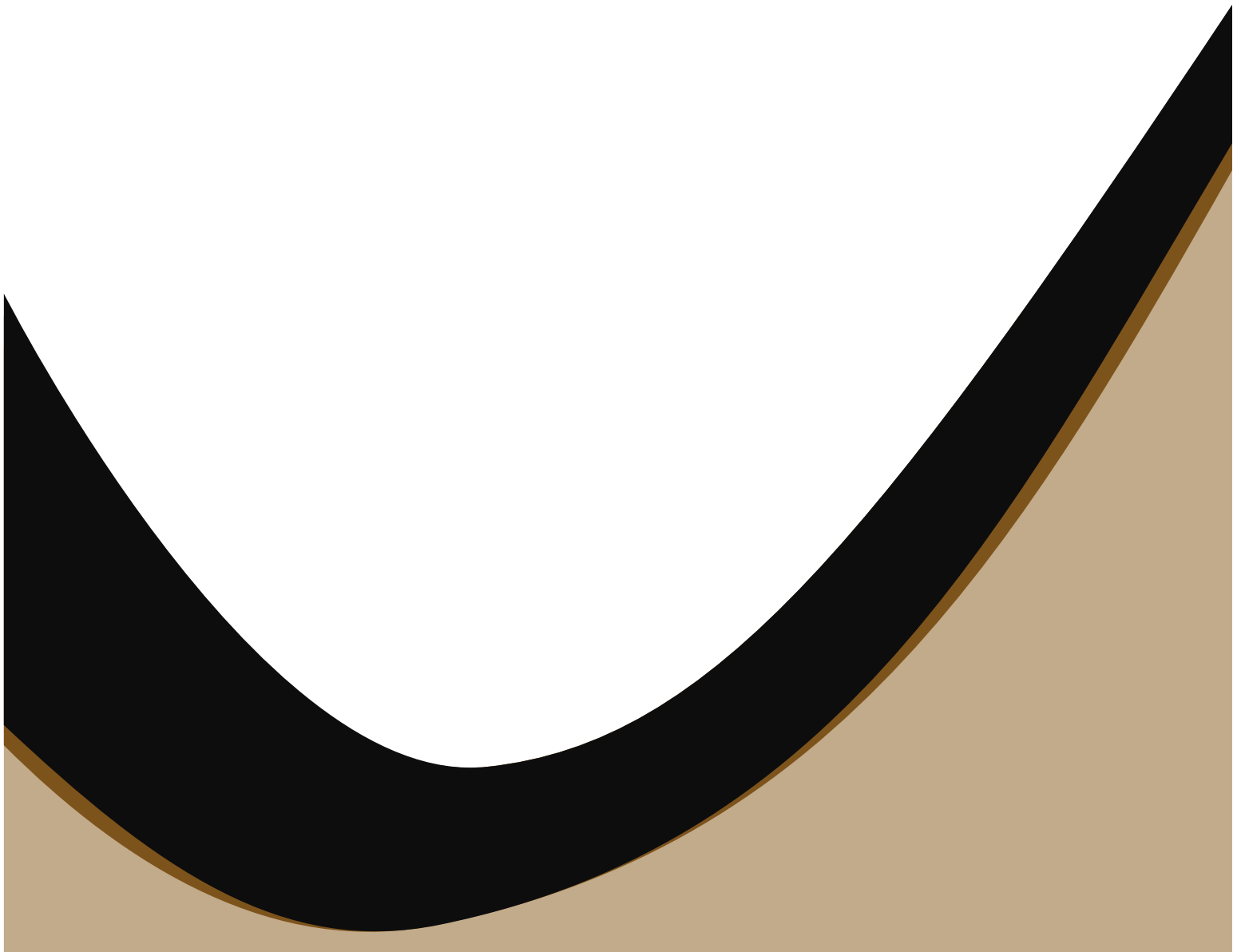
The report is filed with this letter in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner



**WEINZAPFEL & Co., LLC**

**ALBION FELLOWS BACON CENTER, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**



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**WEINZAPFEL & Co., LLC**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Albion Fellows Bacon Center, Inc.

We have audited the accompanying financial statements of Albion Fellows Bacon Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

*A member of CPAConnect, a leading network of local CPA firms.*

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albion Fellows Bacon Center, Inc. as of December 31, 2015, 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.

**Prior Period Financials**

The financial statements of Albion Fellows Bacon Center, Inc. as of December 31, 2014, were audited by other auditors whose report dated September 24, 2015, expressed an unmodified opinion on those statements.

*Weinappfel & Co., PLLC*

Evansville, Indiana  
September 19, 2016

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENTS OF FINANCIAL POSITION December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 418,263	\$ 401,934
Grants receivable	98,442	63,573
Contributions receivable	11,000	15,826
Investments	66,223	68,178
Restricted cash	37,093	10,000
Property and equipment, net	<u>202,591</u>	<u>231,389</u>
Total Assets	<u>\$ 833,612</u>	<u>\$ 790,900</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 30,147	\$ 23,573
Deferred revenue	<u>41,000</u>	<u>11,750</u>
Total Liabilities	<u>71,147</u>	<u>35,323</u>
NET ASSETS		
Unrestricted	691,573	731,442
Temporarily restricted	<u>70,892</u>	<u>24,135</u>
Total Net Assets	<u>762,465</u>	<u>755,577</u>
Total Liabilities and Net Assets	<u>\$ 833,612</u>	<u>\$ 790,900</u>

See Notes to Financial Statements

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF ACTIVITIES Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Government grants	\$ 519,148	\$ -	\$ 519,148
Public support:			
United Way	148,089	-	148,089
Contributions and other grants	143,510	69,817	213,327
Special events	111,383	-	111,383
Membership dues	9,036	-	9,036
Investment return	(1,771)	-	(1,771)
Other revenue	3,761	-	3,761
Net assets released from restrictions	23,060	(23,060)	-
Total Revenues	956,216	46,757	1,002,973
EXPENSES			
Program services	798,044	-	798,044
Administrative	154,420	-	154,420
Fundraising	43,621	-	43,621
Total Expenses	996,085	-	996,085
CHANGE IN NET ASSETS	(39,869)	46,757	6,888
Net Assets - Beginning of Year	731,442	24,135	755,577
Net Assets - End of Year	\$ 691,573	\$ 70,892	\$ 762,465

See Notes to Financial Statements

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF ACTIVITIES Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Government grants	\$ 422,580	\$ -	\$ 422,580
Public support:			
United Way	131,320	-	131,320
Contributions and other grants	303,619	32,351	335,970
In-kind contributions	14,156	-	14,156
Special events	121,384	-	121,384
Membership dues	5,439	-	5,439
Investment return	5,827	-	5,827
Other revenue	3,226	-	3,226
Net assets released from restrictions	54,685	(54,685)	-
Total Revenues	<u>1,062,236</u>	<u>(22,334)</u>	<u>1,039,902</u>
EXPENSES			
Program services	699,263	-	699,263
Administrative	176,232	-	176,232
Fundraising	45,195	-	45,195
Total Expenses	<u>920,690</u>	<u>-</u>	<u>920,690</u>
CHANGE IN NET ASSETS	141,546	(22,334)	119,212
Net Assets - Beginning of Year	<u>589,896</u>	<u>46,469</u>	<u>636,365</u>
Net Assets - End of Year	<u>\$ 731,442</u>	<u>\$ 24,135</u>	<u>\$ 755,577</u>

See Notes to Financial Statements

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2015

	Program Services	Administrative	Fundraising	Total
Salaries and wages	\$ 510,622	\$ 118,773	\$ 2,533	\$ 631,928
Payroll taxes	34,222	7,960	170	42,352
Workers' compensation	7,105	1,653	35	8,793
Employee health insurance	45,122	10,496	224	55,842
Employee benefits	5,714	1,329	28	7,071
Total salaries and related expenses	602,785	140,211	2,990	745,986
Books and subscriptions	15	-	-	15
Conference expenses	1,172	24	-	1,196
Depreciation	33,027	1,738	-	34,765
Designated expenses	26,240	-	-	26,240
Donated clothing and household items	17,308	-	-	17,308
Dues	1,137	-	-	1,137
Emergency aid	4,373	-	-	4,373
Food	8,963	-	-	8,963
Insurance	16,274	857	-	17,131
Location expenses	2,598	137	-	2,735
Maintenance and repairs	18,026	949	-	18,975
Miscellaneous	7,374	-	-	7,374
Office supplies	3,778	208	166	4,152
Postage	902	60	241	1,203
Professional services	12,598	8,845	5,361	26,804
Special events	-	-	34,721	34,721
Supplies	10,777	-	-	10,777
Telephone	6,405	341	68	6,814
Transportation	7,157	148	74	7,379
Trash removal	722	38	-	760
Utilities	16,413	864	-	17,277
	<u>\$ 798,044</u>	<u>\$ 154,420</u>	<u>\$ 43,621</u>	<u>\$ 996,085</u>

*See Notes to Financial Statements*

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2014

	Program Services	Administrative	Fundraising	Total
Salaries and wages	\$ 441,754	\$ 133,694	\$ 2,462	\$ 577,910
Payroll taxes	31,028	9,390	173	40,591
Workers' compensation	5,691	1,722	32	7,445
Employee health insurance	45,766	13,851	255	59,872
Employee benefits	5,540	1,677	31	7,248
Total salaries and related expenses	529,779	160,334	2,953	693,066
Books and subscriptions	218	-	-	218
Conference expenses	2,201	45	-	2,246
Depreciation	33,782	1,778	-	35,560
Designated expenses	28,090	-	-	28,090
Donated clothing and household items	12,446	-	-	12,446
Dues	915	-	-	915
Emergency aid	6,830	-	-	6,830
Fees	-	446	-	446
Food	11,484	-	-	11,484
Insurance	9,185	2,373	-	11,558
Maintenance and repairs	11,250	592	-	11,842
Miscellaneous	7,480	-	-	7,480
Office supplies	3,285	180	144	3,609
Postage	895	33	164	1,092
Printing	99	4	-	103
Professional services	9,006	8,005	4,157	21,168
Special events	-	-	37,526	37,526
Supplies	3,048	1,081	-	4,129
Telephone	6,073	326	131	6,530
Transportation	5,797	121	120	6,038
Trash removal	676	36	-	712
Utilities	16,724	878	-	17,602
	<u>\$ 699,263</u>	<u>\$ 176,232</u>	<u>\$ 45,195</u>	<u>\$ 920,690</u>

*See Notes to Financial Statements*

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENTS OF CASH FLOWS Years Ended December 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash collected from support and programs	\$ 1,003,951	\$ 1,022,379
Cash paid to employees and suppliers	(954,746)	(881,991)
Interest and dividends received	3,233	3,159
Net cash provided by operating activities	52,438	143,547
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,049)	(2,913)
Change in restricted cash	(27,093)	(10,000)
Purchase of property and equipment	(5,967)	(21,489)
Net cash used in financing activities	(36,109)	(34,402)
Net Increase in Cash and Cash Equivalents	16,329	109,145
Cash and Cash Equivalents - Beginning of Year	401,934	292,789
Cash and Cash Equivalents - End of Year	\$ 418,263	\$ 401,934
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,888	\$ 119,212
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	34,765	35,560
Loss on disposal of property and equipment	-	793
Donated property and equipment included in contributions	-	(13,700)
Net unrealized loss (gain) on investments	5,004	(2,668)
(Increase) decrease in:		
Grants and contributions receivable	(30,043)	(4,039)
Increase (decrease) in:		
Accounts payable and accrued expenses	6,574	3,139
Deferred revenue	29,250	5,250
Net cash provided by operating activities	\$ 52,438	\$ 143,547

*See Notes to Financial Statements*

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 1**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Nature of activities:**

Albion Fellows Bacon Center, Inc. (the Organization) assists women and children in crisis, predominantly in Southwestern Indiana, through maintenance of a safe and comfortable facility and through counseling, outreach and legal advocacy. The Organization is supported primarily through government grants, donor contributions, the United Way and special events.

**A summary of the Organization's significant accounting policies follows:**

**Basis of presentation:**

The Organization reports information regarding the financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

**Unrestricted net assets:**

Unrestricted net assets are not subject to donor-imposed stipulations and are those currently available at the discretion of the Board for use in the Organization's operations, in accordance with its bylaws.

**Temporarily restricted net assets:**

Temporarily restricted net assets are those which are subject to donor-imposed stipulations that will be met by the Organization and/or the passage of time.

**Permanently restricted net assets:**

Permanently restricted net assets are those which represent permanent endowments where it is stipulated by donors to be maintained by the Organization in perpetuity. The Organization had no permanently restricted net assets at December 31, 2015 and 2014.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed or time restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted explicitly by donor stipulation or by law.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 1 (Continued)**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents:**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

**Restricted cash:**

Cash restricted for capital purchases and special projects has been restricted by donors and is not available for operating purposes.

**Grants receivable:**

Grants receivable are stated at the amount management expects to collect from grantors. Management determines a balance to be uncollectible only when notified by the grantor that the Organization will not be receiving the funds. The direct charge-off method is used to account for losses in collection of grants receivable. There were no uncollectible grants for the years December 31, 2015 and 2014, respectively.

**Property and equipment:**

The Organization capitalizes property and equipment over \$500. Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which range from 3 to 40 years. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the asset to a specific purpose. Maintenance and repairs are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in the change in net assets.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 1 (Continued)**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Investments:**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Investment return includes interest, dividends, realized and unrealized gains and losses and is included in the change in net assets. Investment income is reported as increases in unrestricted net assets unless a donor or law restricts their use.

**Contributions:**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Organization rarely receives unconditional promises to give more than one year in the future, that is, nearly all unconditional contributions are received at the time the promise is made or within one year. Based on management's evaluation, contributions receivable are considered collectible and no allowance was deemed necessary at December 31, 2015 and 2014.

**Contributed services:**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist with the Organization's program services and fundraising campaigns, but these services do not meet the criteria for recognition as contributed services.

**Functional expenses:**

The costs of supporting the various programs and other activities are reported on a functional basis. Certain costs have been allocated among the program services, administrative and fundraising categories based on the actual direct expenditures and cost allocations based upon estimates of time spent by Organization personnel. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 1 (Continued)**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Income taxes:**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation. Accordingly, no provision for income taxes has been reflected in the financial statements.

The Organization is subject to potential examination by the Internal Revenue Service and Indiana Department of Revenue. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes the Organization is no longer subject to tax examinations for years prior to 2012. The Organization has evaluated its tax positions for all open tax years and management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2015 and 2014. If assessed, the Organization classifies any interest and penalties recognized with a tax position as other expenses.

**Reclassifications:**

Certain amounts in the 2014 financial statements have been reclassified for comparative purposes to correspond with the presentation in the 2015 financial statements.

**Subsequent events:**

Management has evaluated subsequent events through September 19, 2016, the date which the financial statements were available to be issued.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 2**  
**PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Buildings, land and improvements	\$ 441,964	\$ 441,089
Vehicles	40,689	40,689
Furniture and equipment	<u>104,645</u>	<u>99,553</u>
	587,298	581,331
Less accumulated depreciation	<u>384,707</u>	<u>349,942</u>
	<u>\$ 202,591</u>	<u>\$ 231,389</u>

Depreciation expense totaled \$34,765 and \$35,560 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 3**  
**INVESTMENTS**

Investments consisted of marketable equity securities at December 31, 2015 and 2014.

Total investment return is summarized as follows for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 3,233	\$ 3,159
Net unrealized (loss) gain	<u>(5,004)</u>	<u>2,668</u>
	<u>\$ (1,771)</u>	<u>\$ 5,827</u>

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 4**  
**FAIR VALUE MEASUREMENTS**

The fair value measurement accounting literature 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. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no assets requiring the use of Level 2 or Level 3 inputs for the periods presented.

**Level 1 fair value measurements:**

The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015 and 2014:

Fair Value Measurements at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 66,223	\$ -	\$ -	\$ 66,223

Fair Value Measurements at December 31, 2014				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 68,178	\$ -	\$ -	\$ 68,178

The Organization's policy is to recognize transfers between Levels 1 and 2 and into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2015 and 2014, there were no significant transfers between Levels 1 and 2 and no transfers into or out of Level 3.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 5**  
**LINE OF CREDIT**

The Organization has a \$50,000 line of credit with German American Bancorp with interest payable monthly at 4%. The line of credit matures December 2016 and is secured by substantially all assets of the Organization. There were no borrowings against this line of credit at December 31, 2015 and 2014.

**NOTE 6**  
**RESTRICTIONS ON NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Appliances and equipment	\$ 39,131	\$ 15,664
Outreach and awareness	31,683	6,443
Children's program	78	76
Beds and mattresses	<u>-</u>	<u>1,952</u>
	<u>\$ 70,892</u>	<u>\$ 24,135</u>

The total amount expended for these purposes consisted of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Appliances and equipment	\$ 6,241	\$ 7,196
Outreach and awareness	12,369	46,162
Children's program	2,498	270
Beds and mattresses	<u>1,952</u>	<u>1,057</u>
	<u>\$ 23,060</u>	<u>\$ 54,685</u>

Included in unrestricted net assets are board-designated funds totaling \$71,867 and \$75,715 at December 31, 2015 and 2014, respectively.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

**NOTE 7**  
**RETIREMENT PLAN**

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The Organization has a 403(b) retirement plan covering all employees who meet certain eligibility requirements. The Organization contributes a matching contribution of 50% of each participant's contribution, up to 4% of each participant's compensation. Contributions to the plan were \$7,071 and \$7,248 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 8**  
**LEASE COMMITMENT**

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During 2015, the Organization began leasing additional office space under the terms of an operating lease, which expires October 2016. The minimum lease payments required under this operating lease total \$11,250 and will be paid in 2016.

Rent expense related to this lease totaled \$2,250 for the year ended December 31, 2015.

**NOTE 9**  
**CONCENTRATIONS OF RISKS**

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The Organization maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Approximately 52% and 41% of the Organization's revenue during the years ended December 31, 2015 and 2014, respectively, was derived from grants from the Federal government passed through the State of Indiana. Typically the grants are renewed annually; therefore, the current level of the Organization's operations and program services may be impacted or segments discontinued if the funding is not renewed. In addition, the majority of the grants contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate any or an adequate supply of funds to maintain the current funding levels. Any deferred revenue or excess funds on hand from government grants at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date.