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June 7, 2018

Board of Directors
Shalom Community Center, Inc.
620 S. Walnut Street
Bloomington, IN 47401

We have reviewed the report prepared by Shalom Community Center, Inc. and opined upon by Duane L Vaught, CPA, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor Report* the financial statements included in the report present fairly the financial condition of Shalom Community 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, Duane L Vaught, CPA 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

SHALOM COMMUNITY CENTER, INC

**Financial Statements
DECEMBER 31, 2015 and 2014**



SHALOM COMMUNITY CENTER, INC.

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INDEPENDENT AUDITOR REPORT

To the Board of Directors
Shalom Community Center, Inc.
Bloomington, Indiana

Report on the Financial Statements

I have audited the accompanying financial statements of Shalom Community Center, Inc. (a nonprofit organization) which comprise the statements of assets, liabilities and net assets – cash basis as of December 31, 2015, and the related statements of support, revenue, expenses and changes in net assets – cash basis for the year then ended, and the related notes to the financial statements. The financial statements for the year ended 2014 were audited by other accountants who in their report dated October 9, 2015 expressed an unqualified opinion on those 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 the cash basis of accounting as described in note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Shalom Community Center, Inc. as of December 31, 2015, and its support, revenue, expenses and changes in its net assets for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

Diana L Vayr

Bloomington, Indiana
November 17, 2016

SHALOM COMMUNITY CENTER, INC.

**Statement of Assets, Liabilities and Net Assets - Cash Basis
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CASH AND CASH EQUIVALENTS	<u>\$ 135,765</u>	<u>\$ 134,354</u>
PROPERTY AND EQUIPMENT		
Land	140,981	140,981
Buildings and improvements	420,740	420,740
Furniture and fixtures	24,051	22,405
Equipment	50,657	44,026
Less accumulated depreciation	<u>(152,543)</u>	<u>(128,504)</u>
	<u>483,886</u>	<u>499,648</u>
OTHER ASSETS		
Cash surrender value of life insurance	<u>11,656</u>	<u>11,124</u>
TOTAL ASSETS	<u>\$ 631,307</u>	<u>\$ 645,126</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Payroll liabilities	\$ 1,415	\$ 1,319
Mortgage payable	<u>266,813</u>	<u>272,646</u>
	268,228	273,965
NET ASSETS:		
Unrestricted	<u>363,079</u>	<u>371,161</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 631,307</u>	<u>\$ 645,126</u>

SHALOM COMMUNITY CENTER, INC.

**Statement of Support, Revenue, Expenses and Changes in Net Assets - Cash Basis
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
SUPPORT AND REVENUE:		
Contributions - Direct	\$ 282,931	\$ 246,839
Contributions - Direct - In Kind	75,050	70,041
Contributions - Indirect	83,141	101,290
Contributions - Indirect - In Kind	<u>92,051</u>	<u>95,991</u>
Total support	<u>533,173</u>	<u>514,161</u>
Government grants	595,021	450,667
Special events	43,275	50,392
Interest income	-	1
Rent	27,652	16,034
Other revenue	<u>-</u>	<u>1,538</u>
Total revenue	<u>665,948</u>	<u>518,632</u>
Total support and revenue	<u>1,199,121</u>	<u>1,032,793</u>
EXPENSES		
Program services	1,067,923	952,904
Supporting services:		
Management and general	98,491	53,171
Fund raising	<u>40,789</u>	<u>36,925</u>
Total expenses	<u>1,207,203</u>	<u>1,043,000</u>
CHANGES IN UNRESTRICTED NET ASSETS	(8,082)	(10,207)
NET ASSETS - January 1	<u>371,161</u>	<u>381,368</u>
NET ASSETS - December 31	<u>\$ 363,079</u>	<u>\$ 371,161</u>

SHALOM COMMUNITY CENTER, INC.

Statement of Functional Expenses - Cash Basis
Years Ended December 31, 2015 and 2014

	Program Services		Management and General		Fund Raising		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Payroll	\$ 280,988	\$ 261,047	\$ 61,685	\$ 22,991	\$ 23,626	\$ 22,012	\$ 366,299	\$ 306,050
Payroll taxes	27,388	27,698	6,012	2,439	2,303	2,336	35,703	32,473
Other employee expense	18,353	12,419	4,029	1,094	1,543	1,047	23,925	14,560
Total payroll expense	326,729	301,164	71,726	26,524	27,472	25,395	425,927	353,083
Other program expenses	269,687	186,448	-	-	-	-	269,687	186,448
Occupancy costs - Crawford	214,879	223,606	-	-	-	-	214,879	223,606
Food	150,576	148,018	-	-	-	-	150,576	148,018
Equipment expense	16,936	9,731	1,372	778	510	304	18,818	10,813
Occupancy	15,987	17,693	1,332	1,474	444	491	17,763	19,658
Interest expense	14,148	12,985	1,179	1,082	393	361	15,720	14,428
Insurance	11,394	8,849	949	737	317	246	12,660	9,832
Miscellaneous	2,966	994	6,288	2,813	1,977	663	11,231	4,470
Communications	9,089	5,996	757	500	253	167	10,099	6,663
Professional fees	-	-	9,703	8,645	-	-	9,703	8,645
Supplies	6,178	8,756	1,859	6,961	714	2,758	8,751	18,475
Fund raising	-	-	-	-	7,641	5,375	7,641	5,375
Travel	7,328	3,130	-	-	-	-	7,328	3,130
Postage	564	520	941	867	376	347	1,881	1,734
Education and seminars	500	-	-	-	-	-	500	-
Total expenses before depreciation	1,046,961	927,890	96,106	50,381	40,097	36,107	1,183,164	1,014,378
Depreciation	20,962	25,014	2,385	2,790	692	818	24,039	28,622
Total expenses	\$ 1,067,923	\$ 952,904	\$ 98,491	\$ 53,171	\$ 40,789	\$ 36,925	\$ 1,207,203	\$ 1,043,000

See accompanying notes to financial statements

SHALOM COMMUNITY CENTER, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Shalom Community Center, Inc. (Shalom) is an Indiana not-for-profit corporation. Shalom is a social service agency serving Bloomington Indiana and surrounding areas. Its principle programs involve providing meals to those in need, assisting people to obtain necessary housing, healthcare and other social services, offering educational and self improvement opportunities, and assisting people to obtain employment.

Basis of Accounting:

Shalom's policy is to prepare its financial statements on the modified cash basis of accounting; consequently certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Cash and Cash Equivalents:

Cash and cash equivalents include cash, and money market accounts which are similar to bank money market accounts.

Property and Equipment:

Property and Equipment are recorded at cost, except in the case of donated property which is recorded at the estimated fair-market value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives as follows:

Furniture, fixtures and equipment	5 - 10
Building	39
Building improvements	5 - 39

Donated Services:

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During 2015 and 2014 a number of volunteers donated significant amounts of time to Shalom's program activities. Shalom recorded professional services in the amount of \$800 in 2015. Other volunteer services were not recognized because they did not meet the criteria of recognition.

Donated Assets:

Shalom reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Shalom reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Shalom reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

SHALOM COMMUNITY CENTER, INC.

Notes to Financial Statements

It is the policy of Shalom to treat restricted contributions as unrestricted if the restriction is met in the same year as the contribution is made.

Use of Estimates:

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

NOTE 2 - INCOME TAX STATUS:

The agency files Federal and Indiana income tax returns as an exempt organization under section 501(c)(3) of the Internal revenue Code and does not report any unrelated business income or other income taxes. The agency is not considered to be a private foundation.

The agency's Federal and Indiana income tax returns for 2015 and later are subject to examination by the IRS and state of Indiana, generally for three years after they were filed. The agency recognizes tax benefits only to the extent the agency believes it is "more likely than not" that its tax positions would be sustained upon examination. There were no tax positions considered less than 50% likely of sustainability.

There were no income tax penalties or interest incurred in 2015 or 2014.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

Shalom's financial instruments are not held for trading purposes. Shalom estimates that, except for the mortgage, the fair value of financial instruments does not differ materially from aggregate carrying values of financial instruments reported in the financial statement due to short maturity dates relating thereto.

NOTE 4 - LONG TERM DEBT:

	<u>2015</u>	<u>2014</u>
Seller mortgage for purchase of facility, Monthly payments of \$1,799 including interest of 6 percent with final payment due approximately August 2038. Collateralized by land and building.	<u>\$266,813</u>	<u>\$272,646</u>

SHALOM COMMUNITY CENTER, INC.

Notes to Financial Statements

Future payments are due as follows:

2016	\$ 21,584
2017	21,584
2018	21,584
2019	21,584
2020	21,584
All future years	<u>380,244</u>
	488,164
Less amount representing interest	<u>221,351</u>
Total	<u>\$266,813</u>

NOTE 5 - IN-KIND CONTRIBUTIONS:

In-kind contributions are received from individuals, businesses and other not-for-profit organizations. Such contributions received are summarized as follows:

	<u>2015</u> <u>Direct</u>	<u>2015</u> <u>In-Direct</u>	<u>2014</u> <u>Direct</u>	<u>2014</u> <u>In-Direct</u>
Food received from a local Food Bank	\$ ---	\$86,464	\$ ---	\$94,477
Food received other	30,883	362	26,626	---
Professional services	800	---	---	---
Supplies and materials from various sources	<u>43,367</u>	<u>5,225</u>	<u>41,415</u>	<u>1,514</u>
	<u>\$75,050</u>	<u>\$92,051</u>	<u>\$70,041</u>	<u>\$95,991</u>

NOTE 6 - CONCENTRATIONS

Shalom received food from a not-for-profit agency totaling \$86,464 in 2015 and \$94,477 in 2013, which is approximately 7 and 9 percent respectively in each year of total support and revenue.

NOTE 7 - OPERATING LEASES:

Shalom leases equipment under an operating lease arrangement expiring in 2016. Rent expense was \$5,209 in 2015 and \$4,845 during 2014. Minimum annual rentals required under non-cancelable operating leases with original lease terms in excess of one year are as follows:

	Payments
	<u>due</u>
2016	\$809

SHALOM COMMUNITY CENTER, INC.

Notes to Financial Statements

Shalom also is a lessee signatory on certain housing units in connection with a grant program and pays rent thereon. Rent may be paid to Shalom who then pays the lessor or the qualifying people may pay directly. There are no lease commitments for expense or income for periods in excess of one year. Most of the rental activity is on an annual basis. Rent expense in 2015 and 2014 respectively totaled \$214,879 and \$223,606. Rental income was \$27,652 in 2015 and \$16,034 in 2014.

NOTE 8 - GRANTS:

Shalom receives funds under several government grants. Amounts received in 2015 include \$245,279 from the Indiana Housing and Community Development Authority and \$280,343 from the US Department of Housing and Urban Development.

NOTE 9 - SUBSEQUENT EVENTS:

For the purposes of this financial statement subsequent events were evaluated through November 17, 2016 which is the date the financial statements were available to be issued.