

NORTH DALLAS SHARED MINISTRIES, INC.

AUDITED FINANCIAL STATEMENTS

December 31, 2015 and 2014

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Philip L. Rawls

Board of Directors
North Dallas Shared Ministries, Inc.
Dallas, Texas 75229

We have audited the accompanying financial statements of North Dallas Shared Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activity, functional expenses, and cash flows for the years 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Dallas Shared Ministries, Inc. as of December 31, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


June 27, 2016

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2015 and 2014

	ASSETS	
	2015	2014
Cash and cash equivalents	\$ 547,404	\$ 556,841
Investments	2,479,970	2,464,465
Reimbursable receivables	24,962	12,575
Prepaid expenses	801	1,816
Property and equipment, net of \$504,260 and \$423,444 depreciation	1,327,731	1,286,823
Total Assets	\$ 4,380,868	\$ 4,322,520
LIABILITIES		
Accounts payable	\$ 863	\$ 860
Total Liabilities	863	860
NET ASSETS		
Unrestricted	4,380,005	4,321,660
Net Assets	4,380,005	4,321,660
Total Liabilities and Net Assets	\$ 4,380,868	\$ 4,322,520

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Years Ended December 31, 2015 and December 31, 2014

	2015		2014			
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets:						
Support and revenue						
Convenant congregations	\$ 247,958	\$ -	\$ 247,958	\$ 256,520	\$ -	\$ 256,520
Individual and special	239,604		239,604	278,744		278,744
Other donors	224,722		224,722	254,823		254,823
Other grants and foundations	435,731	69,851	505,582	478,026	38,202	516,228
Thrift store and sales	10,520		10,520	10,524		10,524
Dividend and interest income	53,915		53,915	51,922		51,922
Realized gain (loss) on investments	(38,428)		(38,428)	(4,985)		(4,985)
Unrealized gain (loss) on investments	(86,650)		(86,650)	(4,431)		(4,431)
Other Income	-		-	49,953		49,953
	1,087,372	69,851	1,157,223	1,371,096	38,202	1,409,298
Contributed food, clothing and services	3,305,031		3,305,031	2,625,054		2,625,054
	4,392,403	69,851	4,462,254	3,996,150	38,202	4,034,352
Total support and revenue						
Expenses						
Program services						
Food distribution	1,522,600		1,522,600	1,869,238		1,869,238
Financial aid	522,265		522,265	277,763		277,763
Education assistance	133,039		133,039	145,375		145,375
Medical clinic	1,873,689	69,851	1,943,540	1,048,210	38,202	1,086,412
Clothes closet	238,391		238,391	262,726		262,726
	4,289,984	69,851	4,359,835	3,603,312	38,202	3,641,514
Total program services						

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Years Ended December 31, 2015 and December 31, 2014

Supporting services					
Management and general	36,389	36,389	33,783	33,783	
Fund raising	<u>7,685</u>	<u>7,685</u>	<u>12,277</u>	<u>12,277</u>	
				<u>-</u>	
Total expense	<u>4,334,058</u>	<u>4,403,909</u>	<u>3,649,372</u>	<u>38,202</u>	<u>3,687,574</u>
Increase (decrease) in net assets	58,345	-	346,778		346,778
Net assets at beginning of year	<u>4,321,660</u>	<u>-</u>	<u>3,974,882</u>	<u>-</u>	<u>3,974,882</u>
Net assets at the end of year	<u>\$ 4,380,005</u>	<u>\$ -</u>	<u>\$ 4,321,660</u>	<u>\$ -</u>	<u>\$ 4,321,660</u>

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF CASH FLOWS
Years Ended December 31, 2015 and December 31, 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase in net assets	\$ 58,345	\$ 346,778
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	80,816	67,988
Realized loss on investments	38,428	4,985
Unrealized loss on investments	86,650	4,431
(Increase) decrease in:		
Accounts receivable	(12,387)	(5,435)
Prepaid expenses	1,015	236
Increase (decrease) in:		
Accounts payable	3	(30,998)
Deferred contributions	-	(2,000)
Net cash provided by operating activities	<u>252,870</u>	<u>385,985</u>
 Cash flows from investing activities:		
Proceeds from sale of investments	823,926	957,849
Purchase of property and equipment	(121,724)	(143,264)
Purchase of stock investments	(964,509)	(1,809,093)
Net cash used by investing activities	<u>(262,307)</u>	<u>(994,508)</u>
 Net decrease in cash and cash equivalents	(9,437)	(608,523)
 Beginning cash and cash equivalents	<u>556,841</u>	<u>1,165,364</u>
 Ending cash and cash equivalents	<u>\$ 547,404</u>	<u>\$ 556,841</u>
 Non-Cash operating activities:		
Contributed food, clothing and services	\$ 3,305,031	\$ 2,625,054
 Supplemental information:		
Interest paid during the year	\$ -	\$ -

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	PROGRAM SERVICES					SUPPORTING SERVICES			Total Expenses
	Food Distribution	Financial Aid	Education Assistance	Medical Clinic	Clothes Closet	Management & General	Fund Raising		
Direct Program Expenses	\$	\$171,620	\$	\$	\$	\$	\$	\$	\$171,620
Rent assistance		51,344							51,344
Utilities			53,342						251,822
Clothes					198,480				3,986
Transportation		3,986							1,643,757
Food distribution	1,408,638	235,119							1,715,166
Clinic Services				1,715,166					128,496
Prescriptions/ Clinic				128,496					25,825
Miscellaneous		9,363							59,556
School Supplies			16,461						
			<u>59,556</u>						
Total Direct Expenses	1,408,638	471,432	129,359	1,843,663	198,480				4,051,572
Expenses Allocated to Activities									
Salaries	22,433	7,478	1,869	53,499		4,113	1,496		90,888
Payroll taxes	1,727	576	144	4,110		317	115		6,989
Occupancy and space	21,665	11,711		12,332	13,468	1,171			60,347
Printing	2,713	1,100	367	1,320	1,686	147	4,859		12,190
Telephone	4,888	1,629	407	407	407	310	98		8,147
Office supplies	5,588	1,863	466	373		652	373		9,314
Postage	1,130	370	103	90	90	201	746		2,731
Insurance	5,328	2,880		6,910	3,312	288			18,718
Annual audit						4,000			4,000
Van expense	2,169	868	217	217	217	651			3,401
Investment management fees						20,255			20,255
Miscellaneous expense	1,291	430	108	2,789	108	108			4,833
Maintenance/service equipment	6,112	2,037		1,757	509	1,019			11,434
EDP/computer operations	9,014	3,727		1,526	1,526	1,543			17,335
Total Expenses Exclusive of Depreciation & Amortization	1,492,698	506,101	133,039	1,928,993	219,803	34,773	7,685		4,323,093
Depreciation and Amortization	29,902	16,163		14,547	18,588	1,616			80,816
Total Expenses	<u>\$1,522,600</u>	<u>\$522,264</u>	<u>\$133,039</u>	<u>\$1,943,540</u>	<u>\$238,391</u>	<u>\$36,389</u>	<u>\$7,685</u>		<u>\$4,403,909</u>

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

	PROGRAM SERVICES					SUPPORTING SERVICES			Total Expenses
	Food Distribution	Financial Aid	Education Assistance	Medical Clinic	Clothes Closet	Management & General	Fund Raising		
Direct Program Expenses									
Rent assistance	\$	\$150,045	\$	\$	\$	\$	\$		\$150,045
Utilities		68,821							68,821
Clothes			65,213		224,335				289,548
Transportation		5,102							5,102
Food distribution	1,754,049								1,754,049
Clinic Services				933,904					933,904
Prescriptions/ Clinic				79,579					79,579
Miscellaneous		4,185	18,831						23,016
School Supplies			57,097						57,097
Total Direct Expenses	1,754,049	228,152	141,141	1,013,483	224,335				3,361,160
Expenses Allocated to Activities									
Salaries and payroll taxes	26,521	8,840	2,210	33,615					77,818
Occupancy and space	27,203	12,902		12,478	14,838		1,768		68,711
Printing	1,658	672	224	807	1,031				8,475
Telephone	6,549	2,183	546	546	546		3,994		10,914
Office supplies	6,878	2,293	573	459			131		11,463
Postage	2,010	658	183	161	161		459		3,654
Insurance	7,791	4,212		11,292	4,843		124		28,559
Annual audit									4,000
Van expense	1,701	680	170	170	170				3,401
Miscellaneous expense	3,928	1,309	327	327	327		5,801		30,711
Maintenance/service equipment	1,658	553		138	138				2,763
EDP/computer operations	4,138	1,711		700	700				7,957
Total Expenses Exclusive of Depreciation & Amortization	1,844,083	264,165	145,375	1,074,175	247,089		12,277		3,619,586
Depreciation and Amortization	25,156	13,598		12,238	15,637				67,988
Total Expenses	\$1,869,238	\$277,763	\$145,375	\$1,086,412	\$262,726		\$12,277		\$3,687,574

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2015 and 2014

1. SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Nature of Activities

North Dallas Shared Ministries, Inc. (the Organization) was incorporated in 1983 by a group of public charitable and religious organizations for the purpose of providing charitable assistance to persons in need as defined by the board. In addition, the Organization serves to provide a sense of self-respect and responsibility through the services offered. Each applicant for assistance is evaluated to determine the nature of the assistance, which will fulfill the intended purpose of the Organization as stated above. The assistance available to the needy also includes the operation of a medical clinic and a thrift store.

The Organization receives its support from religious congregations, individuals, businesses, charitable foundations, civic organizations, and government grants.

b. Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

c. Contributions

The Organization has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

d. 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.

NORTH DALLAS SHARED MINISTRIES, Inc.
 NOTES TO FINANCIAL STATEMENTS
 Years Ended December 31, 2015 and 2014

e. Fixed Assets

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets. Depreciation is computed on a straight-line basis over the useful lives of the assets. Depreciation expense was \$80,816 and \$67,988 for the years ended December 31, 2015 and 2014 respectively. The useful lives of the assets are generally as follows:

2015

		<u>Cost</u>	<u>Depreciation</u>
Furniture and equipment	3-15 years	\$402,480	\$188,339
Vehicles	5 years	34,720	20,253
Building and improvements	40years	1,394,791	295,668

2014

		<u>Cost</u>	<u>Depreciation</u>
Furniture and equipment	3-15 years	\$327,899	\$146,285
Vehicles	5 years	34,720	13,309
Building and improvements	40years	1,347,648	263,850

f. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

g. 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 these estimates.

NORTH DALLAS SHARED MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2015 and 2014

h. 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 initial maturity of three months or less to be cash equivalents.

i. Investments

The Organization has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The Organization held investments of \$2,479,970 with an original cost of \$2,529,632 on December 31, 2015. On December 31, 2014 the Organization held investments of \$2,464,465 with an original cost of \$2,433,492. Investment advisory fees of \$20,255 and \$18,362 were paid during the years ended on December 31, 2015 and 2014 respectively.

2. CONTRIBUTED SERVICES AND MATERIALS

A substantial number of unpaid volunteers have made significant contributions of their time to develop and operate the programs and activities of the Organization. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Various medical professionals and laboratories contribute services to the organization's medical clinic. The value of the professionals' services is recorded at \$65 - \$125 per client office visit. The value of contributed laboratory services is recorded at the value assigned by the contributing laboratory at comparable rates charged to their fee based clients.

Distributed food was valued at \$50 - \$80 per individual per visit served for the years ended December 31, 2015 and 2014. This total was reduced by the amount of food purchased to determine the amount of food contributed by donors. Distributed clothing was valued at \$40 per individual per visit served for the years ended December 31, 2015 and 2014. This total was reduced by the amount of clothing purchased to determine the amount of clothing contributed by donors.

NORTH DALLAS SHARED MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2015 and 2014

3. INVENTORIES OF FOOD

The Organization owns substantial quantities of food, both purchased and donated at the end of each year. The inventories are difficult to value due to the manner in which items are acquired and are therefore not reflected on the accompanying financial statements. The level of food on hand does not vary significantly from one year to the next.

4. DALLAS COUNTY DEPARTMENT OF HUMAN SERVICES – WELFARE DIVISION RENT AND UTILITIES ASSISTANCE

The Organization provides rent and utilities assistance to clients at the request of Dallas County Department of Human Services – Welfare Division and the West Dallas Multi-Purpose Center of the City of Dallas, and is reimbursed for this assistance. The Organization provided \$418,177 and \$214,591 in such assistance for the years ended December 31, 2015 and 2014 and was reimbursed \$405,894 and \$220,325 for the respective years. These amounts are not included in the Statement of Activities.

~~5. PERMANENTLY RESTRICTED NET ASSETS~~

The Organization received \$69,851 and \$38,202 from a donor during the years ended December 31, 2015 and 2014. These grants were to be used to pay for equipment and partial salaries expense for its dental clinic. These amounts were disbursed during the respective years. The organization had no permanently restricted assets at the end of either year.

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Philip L. Rawls

June 27, 2016

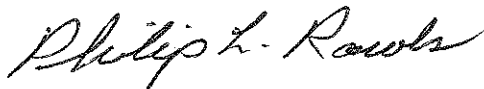
To the Executive Board
North Dallas Shared Ministries, Inc.
Dallas, Texas

In planning and performing our audit of the financial statements of North Dallas Shared Ministries, Inc. for the years ended December 31, 2015 and 2014, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

No material weaknesses in internal control were noted during the audit. This letter does not affect our report dated June 27, 2016 on the financial statements of North Dallas Shared Ministries, Inc.

We will review the status of these comments during our next audit engagement.

Sincerely,



Philip L. Rawls