

NORTH DALLAS SHARED MINISTRIES, INC.

AUDITED FINANCIAL STATEMENTS

December 31, 2016 and 2015

5510 Abrams Rd., Suite 126
Dallas, Texas 75214
214.221.0215
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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, 2016 and 2015, 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

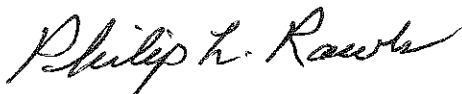
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2016 and 2015, 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 21, 2017

Certified Public Accountant

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2016 and 2015

ASSETS		
	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 354,859	\$ 547,404
Investments	4,797,667	2,479,970
Reimbursable receivables	31,083	24,962
Prepaid expenses	4,960	801
Property and equipment, net of \$594,752 and \$504,260 depreciation	<u>1,316,664</u>	<u>1,327,731</u>
Total Assets	<u>\$ 6,505,233</u>	<u>\$ 4,380,868</u>
LIABILITIES		
Accounts payable	<u>\$ 15,733</u>	<u>\$ 863</u>
Total Liabilities	<u>15,733</u>	<u>863</u>
NET ASSETS		
Unrestricted	<u>6,489,500</u>	<u>4,380,005</u>
Net Assets	<u>6,489,500</u>	<u>4,380,005</u>
Total Liabilities and Net Assets	<u>\$ 6,505,233</u>	<u>\$ 4,380,868</u>

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Years Ended December 31, 2016 and December 31, 2015

	2016		2015		
Net assets:	Unrestricted	Permanently Restricted	Unrestricted	Permanently Restricted	Total
Support and revenue					
Convenant congregations	\$ 255,776	-	\$ 247,958	-	\$ 247,958
Individual and special	2,457,007	2,457,007	239,604	-	239,604
Other donors	16,966	16,966	224,722	-	224,722
Other grants and foundations	342,777	342,777	435,731	69,851	505,582
Thrift store and sales	9,828	9,828	10,520	-	10,520
Dividend and interest income	86,116	86,116	53,915	-	53,915
Realized gain (loss) on investments	(166,547)	(166,547)	(38,428)	-	(38,428)
Unrealized gain (loss) on investments	347,033	347,033	(86,650)	-	(86,650)
Other Income	39,625	-	-	-	-
	3,388,581	-	1,087,372	69,851	1,157,223
Contributed food, clothing and services	3,537,846	-	3,305,031	-	3,305,031
	6,926,427	-	4,392,403	69,851	4,462,254
Total support and revenue					
	1,612,668	-	1,522,600	-	1,522,600
Expenses					
Program services					
Food distribution	824,270	824,270	522,265	-	522,265
Financial aid	158,074	158,074	133,039	-	133,039
Education assistance	1,960,727	1,960,727	1,873,689	69,851	1,943,540
Medical clinic	235,639	-	238,391	-	238,391
Clothes closet	4,791,378	-	4,289,984	69,851	4,359,835
Total program services	4,791,378	-	4,289,984	69,851	4,359,835

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF ACTIVITIES
Years Ended December 31, 2016 and December 31, 2015

Supporting services					
Management and general	19,283	19,283	36,389	36,389	
Fund raising	<u>6,271</u>	<u>6,271</u>	<u>7,685</u>	<u>7,685</u>	
Total expense	4,816,932	4,816,932	4,334,058	69,851	4,403,909
Increase (decrease) in net assets	2,109,495	2,109,495	58,345		58,345
Net assets at beginning of year	<u>4,380,005</u>	<u>4,380,005</u>	<u>4,321,660</u>	-	4,321,660
Net assets at the end of year	<u>\$ 6,489,500</u>	<u>\$ 6,489,520</u>	<u>\$ 4,380,005</u>	-	<u>\$ 4,380,005</u>

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
STATEMENT OF CASH FLOWS
Years Ended December 31, 2016 and December 31, 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 2,109,495	\$ 58,345
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	90,492	80,816
Realized loss on investments	166,547	38,428
Unrealized gain on investments	(347,033)	86,650
(Increase) decrease in:		
Accounts receivable	(6,121)	(12,387)
Prepaid expenses	(4,159)	1,015
Increase (decrease) in:		
Accounts payable	14,870	3
Deferred contributions	-	-
Net cash provided by operating activities	<u>2,024,091</u>	<u>252,870</u>
 Cash flows from investing activities:		
Proceeds from sale of investments	2,536,189	823,926
Purchase of property and equipment	(79,425)	(121,724)
Purchase of stock investments	<u>(4,673,400)</u>	<u>(964,509)</u>
Net cash used by investing activities	<u>(2,216,636)</u>	<u>(262,307)</u>
 Net decrease in cash and cash equivalents	(192,545)	(9,437)
 Beginning cash and cash equivalents	<u>547,404</u>	<u>556,841</u>
 Ending cash and cash equivalents	<u>\$ 354,859</u>	<u>\$ 547,404</u>
 Non-Cash operating activities:		
Contributed food, clothing and services	\$ 3,537,846	\$ 3,305,031
 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, 2016

	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	\$	\$236,707	\$	\$	\$	\$	\$	\$	\$	\$236,707
Utilities		43,593								43,593
Clothes		25,799	76,630		188,694					291,123
Transportation		2,354								2,354
Food distribution	1,492,620	282,498								1,775,118
Clinic Services		175,516		1,856,532						2,032,048
Prescriptions/ Clinic										0
Miscellaneous		3,668	19,338							23,006
School Supplies			58,094							58,094
Total Direct Expenses	1,492,620	770,136	154,062	1,856,532	188,694					4,462,043
Expenses Allocated to Activities										
Salaries	23,769	7,923	1,981	51,305		4,358	1,585			90,920
Payroll taxes	1,862	621	155	3,853		341	124			6,957
Occupancy and space	24,511	13,249		12,723	15,237	1,325				67,046
Printing	4,161	1,687	562	2,024	2,587	225	2,924			14,171
Telephone	4,638	1,546	386	386	386	294	93			7,729
Office supplies	7,960	2,653	663	531		929	531			13,267
Postage	2,082	681	189	167	167	371	1,015			4,672
Insurance	6,148	3,323		8,752	3,822	332				22,377
Annual audit						4,000				4,000
Van expense	696	278	70	70	70	209				1,392
Investment management fees						3,285				3,285
Miscellaneous expense	64	21	5	4,862	5	5				4,964
Maintenance/service equipment	4,507	1,502		2,188	2,812	751				11,760
EDP/computer operations	6,166	2,549		1,047	1,047	1,048				11,857
Total Expenses Exclusive of Depreciation & Amortization	1,579,186	806,171	158,074	1,944,439	214,826	17,473	6,271			4,726,440
Depreciation and Amortization	33,482	18,098		16,289	20,813	1,810				90,492
Total Expenses	\$1,612,668	\$824,270	\$158,074	\$1,960,727	\$235,639	\$19,283	\$6,271			\$4,816,932

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									
Rent assistance	\$	\$171,620	\$	\$	\$	\$	\$	\$	\$171,620
Utilities		51,344							51,344
Clothes					198,480				198,480
Transportation			53,342						53,342
Food distribution		3,986							3,986
Clinic Services	1,408,638	235,119		1,715,166					1,643,757
Prescriptions/ Clinic				128,496					1,715,166
Miscellaneous		9,363	16,461						128,496
School Supplies			59,556						25,825
									59,556
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	90,888
Payroll taxes	1,727	576	144	4,110		317	115	6,989	6,989
Occupancy and space	21,665	11,711		12,332	13,468	1,171		60,347	60,347
Printing	2,713	1,100	367	1,320	1,686	147	4,859	12,190	12,190
Telephone	4,888	1,629	407	407	407	310	98	8,147	8,147
Office supplies	5,588	1,863	466	373		652	373	9,314	9,314
Postage	1,130	370	103	90		201	746	2,731	2,731
Insurance	5,328	2,880		6,910		288		18,718	18,718
Annual audit						4,000		4,000	4,000
Van expense	2,169	868	217	217		651		3,401	3,401
Investment management fees						20,255		20,255	20,255
Miscellaneous expense	1,291	430	108	2,789	108	108		4,833	4,833
Maintenance/service equipment	6,112	2,037		1,757	509	1,019		11,434	11,434
EDP/computer operations	9,014	3,727		1,526	1,526	1,543		17,335	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	4,323,093
Depreciation and Amortization	29,902	16,163		14,547	18,588	1,616		80,816	80,816
Total Expenses	\$1,522,600	\$522,264	\$133,039	\$1,943,540	\$238,391	\$36,389	\$7,685	\$4,403,909	\$4,403,909

See accompanying notes.

NORTH DALLAS SHARED MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

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, 2016 and 2015

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 \$90,492 and \$80,816 for the years ended December 31, 2016 and 2015 respectively. The useful lives of the assets are generally as follows:

		2016	
		<u>Cost</u>	<u>Depreciation</u>
Furniture and equipment	3-15 years	\$435,138	\$237,833
Vehicles	5 years	60,273	28,475
Building and improvements	40years	1,416,005	328,444
		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

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, 2016 and 2015

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 \$4,797,667 with an original cost of \$4,501,136 on December 31, 2016. On December 31, 2015 the Organization held investments of \$2,479,970 with an original cost of \$2,529,632. Investment advisory fees of \$3,285 and \$20,255 were paid during the years ended on December 31, 2016 and 2015 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 - \$200 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 - \$125 per individual per visit served for the years ended December 31, 2016 and 2015. 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, 2016 and 2015. 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, 2016 and 2015

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 \$445,967 and \$418,177 in such assistance for the years ended December 31, 2016 and 2015 and was reimbursed \$439,846 and \$405,894 for the respective years. These amounts are not included in the Statement of Activities.

5. PERMANENTLY RESTRICTED NET ASSETS

The Organization received \$69,851 from a donor during the year ended December 31, 2015. This grant was to be used to pay for equipment and partial salaries expense for its dental clinic. This amount was disbursed during the year. The organization had no permanently restricted assets at the end of either year.

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Philip L. Rawls

June 21, 2017

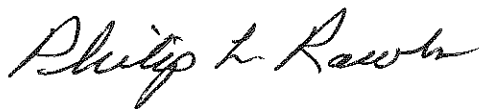
To the Executive Board
North Dallas Shared Ministries, Inc.
Dallas, TX

In planning and performing our audit of the financial statements of North Dallas Shared Ministries, Inc. for the year ended December 31, 2016, 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 21, 2017 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