

**One-Eighty Place  
(One80 Place)**

***Report on Financial Statements***

***For the years ended June 30, 2015 and 2014***

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# One80 Place

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## Independent Auditor's Report

To the Board of Directors  
One80 Place  
Charleston, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of One-Eighty Place (One80 Place or the "Organization") which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, 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 audits. 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 audits 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One80 Place as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015 on our consideration of One80 Place'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 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 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 One80 Place's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive style with a large, sweeping initial 'E'.

Charleston, South Carolina  
October 22, 2015

## One80 Place

### Statements of Financial Position

As of June 30, 2015 and 2014

Assets	2015	2014
<b>Current assets</b>		
Cash and cash equivalents	\$ 179,561	\$ 295,064
Restricted cash and cash equivalents	14,993	19,487
Grants receivable	426,741	264,413
Promises to give	-	6,934
Prepaid expenses	52,771	87,056
Total current assets	<u>674,066</u>	<u>672,954</u>
<b>Noncurrent assets</b>		
Promises to give, net	-	1,223
Property and equipment, net	10,587,528	10,152,632
Total noncurrent assets	<u>10,587,528</u>	<u>10,153,855</u>
Total assets	<u>\$ 11,261,594</u>	<u>\$ 10,826,809</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 158,655	\$ 1,026,293
Accrued expenses	230,053	193,415
Deferred revenue	-	7,480
Funds held for guests' savings accounts	14,993	19,487
Capital lease payable, current portion	30,791	-
Notes payable, current portion	91,022	33,074
Total current liabilities	<u>525,514</u>	<u>1,279,749</u>
<b>Noncurrent Liabilities</b>		
Capital lease payable, less current portion	98,605	-
Notes payable, less current portion	1,885,315	997,383
Total liabilities	<u>2,509,434</u>	<u>2,277,132</u>
<b>Net assets</b>		
Unrestricted	8,743,454	8,528,221
Temporarily restricted net assets	8,706	21,456
Total net assets	<u>8,752,160</u>	<u>8,549,677</u>
Total liabilities and net assets	<u>\$ 11,261,594</u>	<u>\$ 10,826,809</u>

See Notes to Financial Statements.

**One80 Place****Statement of Activities****For the year ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions:			
Community support:			
Annual	\$ 1,574,446	\$ -	\$ 1,574,446
Capital campaign	-	381,381	381,381
In-kind contributions	534,504	-	534,504
Grant revenue:			
Federal government	3,828,192	-	3,828,192
State and local governments and organizations	132,543	70,000	202,543
Miscellaneous income	55,430	-	55,430
Net assets released from program restrictions	464,131	(464,131)	-
Total support and revenue	<u>6,589,246</u>	<u>(12,750)</u>	<u>6,576,496</u>
<b>Expenses</b>			
Program Services:			
Shelter, feeding, healthcare and counseling services	5,912,376	-	5,912,376
Supporting Services:			
Management and general	140,303	-	140,303
Fundraising	321,334	-	321,334
Total expenses	<u>6,374,013</u>	<u>-</u>	<u>6,374,013</u>
Increase (decrease) in net assets	215,233	(12,750)	202,483
<b>Net assets, beginning of year</b>	8,528,221	21,456	8,549,677
<b>Net assets, end of year</b>	<u>\$ 8,743,454</u>	<u>\$ 8,706</u>	<u>\$ 8,752,160</u>

*See Notes to Financial Statements.*

## One80 Place

### Statement of Activities

For the year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions:			
Community support:			
Annual	\$ 1,489,632	\$ -	\$ 1,489,632
Capital campaign	-	472,107	472,107
In-kind contributions	518,096	-	518,096
Grant revenue:			
Federal government	2,894,498	596,712	3,491,210
State and local governments and organizations	65,000	415,178	480,178
Recovered losses	165,030	-	165,030
Miscellaneous income	807	-	807
Investment income	-	2,627	2,627
Net assets released from program restrictions	4,255,493	(4,255,493)	-
Total support and revenue	<u>9,388,556</u>	<u>(2,768,869)</u>	<u>6,619,687</u>
<b>Expenses</b>			
Program Services:			
Shelter, feeding, healthcare and counseling services	4,751,636	-	4,751,636
Supporting Services:			
Management and general	131,532	-	131,532
Fundraising	358,895	-	358,895
Total expenses	<u>5,242,063</u>	<u>-</u>	<u>5,242,063</u>
Increase in net assets	4,146,493	(2,768,869)	1,377,624
<b>Net assets, beginning of year</b>	<u>4,381,728</u>	<u>2,790,325</u>	<u>7,172,053</u>
<b>Net assets, end of year</b>	<u>\$ 8,528,221</u>	<u>\$ 21,456</u>	<u>\$ 8,549,677</u>

See Notes to Financial Statements.

**One80 Place****Statement of Functional Expenses****For the year ended June 30, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Personnel</b>				
Salaries	\$ 2,574,658	\$ 60,655	\$ 151,746	\$ 2,787,059
Payroll taxes and other benefits	268,613	6,870	15,232	290,715
Insurance - employee	157,947	3,423	9,705	171,075
Total personnel	<u>3,001,218</u>	<u>70,948</u>	<u>176,683</u>	<u>3,248,849</u>
<b>Other functional expenses</b>				
Contracted services-Family Services	825,203	-	-	825,203
Food and kitchen supplies	449,488	-	-	449,488
Building utilities and maintenance	403,958	16,798	2,656	423,412
Depreciation	279,886	18,469	-	298,355
Guest expenses	267,767	-	7,658	275,425
Office and cleaning supplies	173,581	7,636	9,639	190,856
Computer technology	116,194	4,616	10,215	131,025
Insurance	77,728	9,927	75	87,730
Prescription and medical needs	87,053	-	-	87,053
Interest	78,857	2,894	5,173	86,924
Development, campaigns and events	-	-	55,530	55,530
Contracted services - other	49,982	-	-	49,982
Postage and printing	4,323	554	43,390	48,267
Miscellaneous	29,563	3,952	782	34,297
Training	20,034	2,061	3,335	25,430
Accounting and legal	19,924	1,037	1,039	22,000
Bank and payroll fees	10,962	1,411	5,159	17,532
Advertising and marketing	13,160	-	-	13,160
Summer camps	3,495	-	-	3,495
Total other functional expenses	<u>2,911,158</u>	<u>69,355</u>	<u>144,651</u>	<u>3,125,164</u>
Total expenses	<u>\$ 5,912,376</u>	<u>\$ 140,303</u>	<u>\$ 321,334</u>	<u>\$ 6,374,013</u>

*See Notes to Financial Statements.*

**One80 Place****Statement of Functional Expenses  
For the year ended June 30, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Personnel</b>				
Salaries	\$ 2,212,093	\$ 54,624	\$ 141,415	\$ 2,408,132
Payroll taxes and other benefits	209,785	4,664	15,019	229,468
Insurance - employee	134,557	1,602	5,814	141,973
Total personnel	<u>2,556,435</u>	<u>60,890</u>	<u>162,248</u>	<u>2,779,573</u>
<b>Other functional expenses</b>				
Contracted services-Family Services	648,677	-	-	648,677
Food and kitchen supplies	437,275	-	-	437,275
Building utilities and maintenance	269,404	7,557	75,587	352,548
Guest expenses	247,787	-	-	247,787
Office and cleaning supplies	107,246	7,228	12,364	126,838
Computer technology	84,046	4,453	11,591	100,090
Depreciation	88,621	2,616	-	91,237
Insurance	51,366	5,553	454	57,373
Accounting and legal	26,683	29,368	54	56,105
Contracted services - other	50,285	877	3,673	54,835
Prescription and medical needs	54,744	-	-	54,744
Postage and printing	4,624	545	45,043	50,212
Miscellaneous	35,769	8,684	2,229	46,682
Development, campaigns and events	-	-	36,582	36,582
Training	24,319	2,526	5,006	31,851
Bad debts	29,840	-	-	29,840
Interest	16,017	456	58	16,531
Bank and payroll fees	8,336	779	4,006	13,121
Advertising and marketing	8,458	-	-	8,458
Summer camps	1,704	-	-	1,704
Total other functional expenses	<u>2,195,201</u>	<u>70,642</u>	<u>196,647</u>	<u>2,462,490</u>
Total expenses	<u>\$ 4,751,636</u>	<u>\$ 131,532</u>	<u>\$ 358,895</u>	<u>\$ 5,242,063</u>

See Notes to Financial Statements.

## One80 Place

### Statements of Cash Flows

For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Operating activities</b>		
Increase in net assets	\$ 202,483	\$ 1,377,624
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities:		
Depreciation	298,355	91,237
Bad debts	-	29,840
Change in discount to present value of promises to give	(277)	(19,451)
Change in accrued and deferred amounts:		
Grants receivable	(162,328)	369,483
Promises to give	8,434	427,279
Prepaid expenses	34,285	3,676
Accounts payable	(867,638)	233,953
Accrued expenses	36,638	78,904
Deferred revenue	(7,480)	7,480
Funds held for guests' savings accounts	(4,494)	8,593
Net cash provided by (used for) operating activities	<u>(462,022)</u>	<u>2,608,618</u>
<b>Investing activities</b>		
Payments for construction in progress	(548,175)	(5,572,003)
Purchase of property and equipment	(22,081)	-
Net cash used for investing activities	<u>(570,256)</u>	<u>(5,572,003)</u>
<b>Financing activities</b>		
Proceeds from lines of credit	-	353,477
Proceeds from notes payable	1,050,000	750,000
Principal payments on capital lease payable	(33,599)	-
Principal payments on notes payable	(104,120)	(17,100)
Principal payments on lines of credit	-	(378,538)
Net cash provided by financing activities	<u>912,281</u>	<u>707,839</u>
Net decrease in cash and cash equivalents	(119,997)	(2,255,546)
<b>Cash and cash equivalents, beginning of year</b>	<u>314,551</u>	<u>2,570,097</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 194,554</u>	<u>\$ 314,551</u>
<b>Supplemental disclosures:</b>		
Interest paid	<u>\$ 86,924</u>	<u>\$ 16,531</u>
<b>Noncash financing and investing transactions:</b>		
Purchase of furniture and equipment through a capital lease	<u>\$ 162,995</u>	<u>\$ -</u>

See Notes to Financial Statements.

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## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies

##### Nature of activities:

One80 Place (the "Organization") is a non-profit organization whose purpose is to provide food, shelter and hope to end homelessness and hunger one person at a time, one family at a time. Guests are provided with food, shelter, medical care, and counseling to help them obtain permanent housing and financial assistance, as well as to help them deal with substance abuse and/or mental illness. The Organization works closely with various organizations in the area and receives grant assistance from local, state, and federal programs, as well as the general community.

##### Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### Basis of presentation:

The Organization reports information regarding its financial position and activities according to three classes of net assets. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted Net Assets:** net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets:** net assets subject to donor-imposed stipulations that may or will be met by the actions of the Organization and/or the passage of time.

**Permanently Restricted Net Assets:** net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

The Organization had no permanently restricted net assets at June 30, 2015 or 2014.

##### Cash and cash equivalents:

For purposes of the Statements of Cash Flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

##### Revenue recognition:

Revenue from grants is normally received on a reimbursement of expenditures basis and is recognized when expenses have been paid and a reimbursement request is sent to the granting agency. Advances received from granting agencies before a project starts, if any, are included in deferred revenue.

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## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

##### Revenue recognition, continued:

Contributions are recognized as revenue when they are received or unconditionally pledged.

In accordance with GAAP, contributions and grants are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released from restriction. It is the Organization's policy to report normal restricted donor support whose restrictions have been met in the same reporting period as unrestricted support.

##### Promises to give receivable and allowance for doubtful accounts:

Unconditional promises to give are recognized as revenues or gains in the same period the promises are received and as assets, decreases of liabilities, and expenses depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The Organization provides an allowance for promises to give based on management's estimate of the collectability of the receivable. Based on management's evaluation of the promises to give receivable, no allowance for doubtful accounts was recorded at June 30, 2014. There were no promises to give as of June 30, 2015.

##### Grants receivable and allowance for doubtful accounts:

Grants receivable represents outstanding balances for reimbursed expenditures due from granting agencies which are recorded when expenses have been paid and a reimbursement request has been sent to the granting agency.

Management periodically evaluates grants receivable for collectability based on prior collection experience. An allowance for doubtful accounts is established as estimated by management through recognition of bad debt expense. When management confirms a grant receivable cannot be collected, such amount is charged off against the allowance for doubtful accounts. Based on management's evaluation of grants receivable, there was no allowance for doubtful accounts at June 30, 2015 or 2014.

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## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

##### Property and equipment, net:

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000 with an extended useful life. Property and equipment are carried at cost, or if donated, at fair market value on the date received. Major improvements are capitalized and depreciated; maintenance and repairs which do not significantly improve or extend the life of the respective assets are expensed. Upon sale or retirement, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in income.

##### Property and equipment, net continued:

Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Furniture and equipment	3 - 15 years
Buildings and improvements	10 – 40 years
Vehicles	5 years

##### Donated property and equipment:

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Some grantors may retain a reversionary interest in specific assets if the mission of the Organization changes.

##### In-kind contributions and expenses:

The Organization receives donations of food and personal supplies which are recorded in support and revenue and the applicable functional expense. These items are recorded at the estimated fair market values at the date of donation.

##### Donated Services:

Donated services are recognized as contributions in accordance with *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of volunteers have made significant contributions of their time to the Organization through service in serving meals and various other areas. These services have not been reflected in the Statements of Activities for the years ended June 30, 2015 and 2014, as the services do not meet the criteria outlined above.

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## One80 Place

### *Notes to Financial Statements*

*June 30, 2015 and 2014*

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#### **Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued**

##### *Use of estimates:*

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

##### *Fair value measurements:*

The Financial Accounting Standards Board's (FASB) Fair Value Measurements defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. It also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under this standard, fair value measurements are disclosed by level within that hierarchy. The Organization utilizes a three-tier fair value hierarchy that clarifies fair value as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### *Functional allocation of expenses:*

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on management's estimate of time spent by the individual in each functional category as well as each department's allocation of expenses.

##### *Income tax status:*

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements as of and for the years ended June 30, 2015 or 2014. The Organization's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense.

With few exceptions, the Organization is not subject to income tax examinations by the Federal, state, or local tax authorities for years prior to 2012.

##### *Funds held for guests:*

Restricted cash and cash equivalents consist of cash received from guests which may be refunded upon the guest completing certain programs. A corresponding liability is included in the Statements of Financial Position for these amounts held at June 30, 2015 and 2014.

## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

##### Marketing expenses:

The Organization reports marketing costs in connection with fundraising activities as incurred. Marketing expenses totaled \$72,925 and \$70,458 for the years ended June 30, 2015 and 2014, respectively, and were included in "Development, campaigns, and events" and "Advertising and marketing" in the Statements of Functional Expenses.

##### Reclassifications:

Certain items in the prior year have been reclassified to conform with current year presentation.

##### Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 22, 2015, the date the financial statements were available to be issued.

#### Note 2. Concentrations

The Organization maintains its cash accounts at three financial institutions. Cash accounts are secured in aggregate by the Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000 at each financial institution. At June 30, 2015, the Organization's cash balances did not exceed insured limits. Management monitors the soundness of these financial institutions on a regular basis.

#### Note 3. Promises to Give, net

The Organization completed a capital campaign at the beginning of the fiscal year for the new Homeless Services Center on Meeting Street. As such, all prior year promises to give were collected in the current fiscal year. Promises to give, net, at June 30 are as follows:

	<u>2015</u>	<u>2014</u>
Promises to give due in less than one year	\$ -	\$ 6,934
Promises to give due in two to five years	-	<u>1,500</u>
	-	8,434
Less discount to present value	-	<u>(277)</u>
Promises to give, net	<u>\$ -</u>	<u>\$ 8,157</u>

The discount to present value was calculated using the estimated earnings rate of 2.84% for the year ended June 30, 2014.

## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

#### Note 4. Property and Equipment, net

Property and equipment, net, consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 920,735	\$ 920,735
Buildings, building improvements, and land improvements	10,639,291	3,134,157
Kitchen and telephone equipment	91,867	82,176
Furniture, fixtures, and equipment	675,462	267,101
Vehicles	49,367	36,977
Construction in progress	-	<u>7,202,325</u>
	<u>12,376,722</u>	<u>11,643,471</u>
Less accumulated depreciation	<u>1,789,194</u>	<u>1,490,839</u>
Property and equipment, net	<u>\$ 10,587,528</u>	<u>\$ 10,152,632</u>

Depreciation expense totaled \$298,355 and \$ 91,237 for the years ended June 30, 2015 and 2014, respectively. Construction in progress includes costs associated with the construction of the new Homeless Services Center which was completed during the year ended June 30, 2015.

#### Note 5. Operating Leases

In June 2012, the Organization entered into an operating lease for a parking lot with monthly payments of \$1,500 through March 31, 2013 and monthly payments of \$1,550 from April 1, 2013 to March 31, 2014. As of March 31, 2014, the Organization executed the option to extend the lease on a month to month basis, with written notice of intention to terminate required thirty days prior to the desired date of termination. The Organization terminated the agreement as of November 30, 2014.

The Organization entered into an operating lease for office space for the Supportive Services for Veteran Families ("SSVF") program in September 2013 with base rent monthly payments of \$5,000 for a term beginning on September 15, 2013 and ending September 30, 2015, with renewal options available. Additional rent consists of reimbursement to the landlord for all real estate taxes and annual insurance premiums (up to 3% of any annual policy increases). This lease was not renewed upon expiration on September 30, 2015.

The Organization entered into an operating lease for office space in Columbia for the Supportive Services for Veteran Families ("SSVF") program in April 2015 with base rent monthly payments of \$2,660 for a term beginning on April 15, 2015 and ending April 30, 2016. Base monthly rent thereafter increases to \$2,787 on May 1, 2016 and ends April 30, 2017, with renewal options available.

Minimum future rental payments under the agreements are as follows for the year ending June 30:

2016	\$ 47,179
2017	<u>27,871</u>
	<u>\$ 75,050</u>

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## **One80 Place**

### ***Notes to Financial Statements***

***June 30, 2015 and 2014***

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#### **Note 6. Revolving Lines of Credit**

In October 2013, the Organization obtained an unsecured revolving line of credit of \$450,000 at TD Bank, N.A. Minimum monthly payments are computed based on average daily balance, including interest at the Wall Street Journal prime rate. The U.S. Prime Rate as published by the Wall Street Journal was 3.25% at June 30, 2015. The line of credit had no outstanding balance at June 30, 2015 or 2014.

The Organization has an unsecured revolving line of credit of \$170,000 at Wells Fargo, N.A. Minimum monthly payments for the Wells Fargo LOC are computed based on the average daily balance, including interest at the bank's prime rate (3.25% at June 30, 2015). The line of credit had no outstanding balance at June 30, 2015 or 2014.

#### **Note 7. Notes Payable**

In February 2009, the Organization entered into a note payable due to Wells Fargo, N.A with monthly installment payments of \$916, including interest of 5.87%, with a balloon payment due in February 2014. In February 2013, this loan was refinanced and the terms were modified to monthly payments of \$761, including interest at 3.6%, with an estimated balloon payment of \$57,104 due February 25, 2018. In May 2015, the Organization paid off the remaining balance of the note payable.

In July 2008, the Organization entered into a note payable due to Wells Fargo, N.A with monthly installment payments of \$1,400, including interest of 7.06%, with a balloon payment due in July 2013. In February 2013, this loan was refinanced and the terms were modified to monthly payments of \$1,549, including interest at 3.6%, with an estimated balloon payment of \$156,971 due March 7, 2018. The outstanding balance was \$188,950 and \$200,371 at June 30, 2015 and 2014, respectively. The loan is collateralized by the Organization's real property at 559 Meeting Street and 573 Meeting Street.

In March 2013, the Organization secured an available line of credit for up to \$500,000 with South Carolina Community Loan Fund. In April 2014, the line of credit was converted into a note payable due to South Carolina Community Loan Fund with interest only payments for the first six months commencing on May 2014. Thereafter, monthly installments consist of principal and interest, at 5.25%, based upon a 20 year amortization period with all principal and interest due and payable in May 2019. These monthly payments are \$3,418 with a balloon payment of \$322,009 due May 2019. The outstanding balance was \$491,548 and \$500,000 at June 30, 2015 and 2014, respectively. The note is secured by the Organization's real property at 35 Walnut Street.

In March 2014, the Organization entered into a construction note payable for advances of up to \$1,000,000 with TD Bank, N.A for construction of the new Homeless Services Center. This construction note payable was converted to a permanent note on June 23, 2015 (the "conversion date"). Monthly installments consist of principal and interest, at 3.50%, based upon a 15 year amortization period with all principal and interest due and payable on March 28, 2020. The outstanding balance was \$995,839 and \$250,000 at June 30, 2015 and 2014, respectively. The note is secured by the Organization's real property at 35 Walnut Street.

The Organization has various bond covenants related to the TD Bank construction note payable, including a required minimum Debt Service Coverage Ratio of not less than 1.00 to 1.00 to be tested annually. At June 30, 2015, the Organization was not aware of any bond covenant violations.

## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

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#### Note 7. Notes Payable, Continued

In October 2014, the Organization entered into a construction note payable for advances of up to \$300,000 with TD Bank, N.A for construction of the new Homeless Services Center. This construction note payable was converted to a permanent note on June 23, 2015 (the "conversion date"). Monthly installments consist of principal and interest, at 3.50%, based upon a 15 year amortization period with all principal and interest due and payable on October 23, 2017. The outstanding balance was \$300,000 at June 30, 2015. The note is secured by the Organization's real property at 35 Walnut Street.

Future amounts due each year under these notes payable consist of the following at June 30:

2016	\$	91,022
2017		98,866
2018		510,454
2019		499,794
2020		776,201
Thereafter		-
	\$	<u>1,976,337</u>

#### Note 8. Forgivable Notes Payable

The Organization entered into a \$229,585 forgivable note payable with South Carolina Housing Trust Fund during April 2009 to fund improvements for the Family Center held at 49 Walnut Street. This forgivable note payable is secured by a first mortgage on 49 Walnut Street. The note is forgivable and interest free, contingent on the Organization's compliance with the agreement to hold and use the property for twenty years from the date of the loan. The note was recorded as revenue in the year of receipt, as there is no expectation of repayment if the Organization complies with the agreement. As of June 30, 2015, management of the Organization believes it is in compliance with the mortgage agreement, and as such no contingent liability has been recorded as of June 30, 2015.

The Organization entered into four separate forgivable notes payable totaling \$180,000 with the City of Charleston to fund acquisition of 40 C Street and to construct the Homeless Services Center at 35 Walnut Street between fiscal years 2012 to 2014. These forgivable notes payable are secured by the Homeless Services Center at 35 Walnut Street. The notes are forgivable and interest free, contingent on the Organization's compliance with the agreement to hold and use the property for thirty years from the date of the loan. The notes were recorded as revenue in the years of receipt, as there is no expectation of repayment if the Organization complies with the agreement. As of June 30, 2015, management of the Organization believes it is in compliance with the mortgage agreement, and as such no contingent liability has been recorded as of June 30, 2015.

#### Note 9. Capital Lease

In August 2014, the Organization acquired furniture and equipment for the Homeless Services Center for \$162,995 through a five year capital lease agreement. Under the terms of the agreement, the Organization committed to pay \$181,336 over the term of the lease in monthly installments of \$3,022, including interest. Amortization expense on the furniture and equipment has been included in depreciation expense for the year ended June 30, 2015. The net book value of the furniture and equipment was \$135,830 at June 30, 2015.

## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

#### Note 9. Capital Lease, Continued

Future minimum payments under the capital lease are as follows for the years ending June 30:

2016	\$	36,267
2017		36,267
2018		36,267
2019		<u>33,245</u>
Total minimum payments		142,046
Less amount representing interest		<u>(12,650)</u>
Present value of minimum payments	\$	<u>129,396</u>

#### Note 10. Temporarily Restricted Net Assets

The Organization has recognized revenue related to contributions that are restricted as to purpose or the expiration of time. The following is a detail of the nature of the restrictions on temporarily restricted net assets at June 30:

	<u>2015</u>	<u>2014</u>
Homeless Employment and Learning Program (HELP)		
Center computers/Family Center-Summerville furnishings	\$ <u>8,706</u>	\$ <u>21,456</u>
	\$ <u>8,706</u>	\$ <u>21,456</u>

Amounts released from restrictions for the years ended June 30, were as follows:

	<u>2015</u>	<u>2014</u>
Capital campaign	\$ 74,485	\$ 4,255,493
More than a Roof campaign	376,896	-
Family Center-Summerville furnishings	<u>12,750</u>	<u>-</u>
	<u>\$ 464,131</u>	<u>\$ 4,255,493</u>

#### Note 11. Funds Held at the Coastal Community Foundation

The Organization is the beneficiary of two funds held at the Coastal Community Foundation in Charleston, South Carolina. Each year, 4% of the average balance in the fund calculated over the previous 20 quarters is available for distribution in order to fund grants. The Board of the Coastal Community Foundation has discretionary authority over all distributions. The first fund is an endowment fund known as the One80 Place Endowment. The second fund is the Zucker Family Endowment for One80 Place. The balances of the One80 Place Endowment fund and the Zucker Family Endowment Fund for One80 Place at June 30, 2015 are \$87,990 and \$165,707, respectively. The Organization received no distributions from these funds for the years ended June 30, 2015 and 2014. These funds are not recorded on the books of the Organization because it does not have variance power over the funds.

## One80 Place

### Notes to Financial Statements

June 30, 2015 and 2014

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#### Note 12. Retirement Plan

The Organization maintains a defined contribution pension plan. The Organization provides a 100% match of employees' voluntary contributions up to 3% of eligible employees' salaries and a 50% match up to an additional 2% of employees' voluntary contributions over 3% of eligible employees' salaries. To be eligible for matching contributions by the Organization, an employee must complete one year of full-time service. Retirement expense was \$50,556 and \$34,947 for the years ended June 30, 2015 and 2014, respectively.

#### Note 13. In-Kind Contributions

In-kind contributions represent the estimated fair value of property, qualifying services, and other miscellaneous goods and supplies which meet generally accepted accounting principles criteria for recognition.

Recorded in-kind contributions include the following from various donors at June 30:

	<u>2015</u>	<u>2014</u>
Rescued food and donated meals served	\$ 425,531	\$ 412,949
Miscellaneous goods	<u>108,973</u>	<u>105,147</u>
	<u>\$ 534,504</u>	<u>\$ 518,096</u>

#### Note 14. Contingencies

The Organization receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under those programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the Organization. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial position of the Organization at June 30, 2015 or 2014.

Certain property and equipment has been acquired with funds from certain grants and federal awards. These grants or federal awards may contain reversionary interests in the assets acquired or may require that the assets be used for a particular purpose for a specific period of time.

#### Note 15. Related Party Transactions

As of June 30, 2014, the Organization had \$6,500 in promises to give receivable from Board members and vendors, respectively. All of the promises to give were collected during the year ended June 30, 2015. Board members, including their respective places of business, donated \$100,415 and \$97,550 during the years ended June 30, 2015 and 2014.

#### Note 16. Commitments

In April 2013, the Organization extended its existing contract with Charleston Dorchester Mental Health Center ("CDMHC") through June 30, 2015. The contract stated that CDMHC will provide 1 physician for up to 22.5 hours per month to deliver psychiatric services to homeless individuals at the 573 Meeting Street location of the Organization in exchange for an annual fee of \$26,263 to be paid in monthly installments of \$2,189, respectively. This contract was not renewed as of June 30, 2015.

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**One80 Place*****Notes to Financial Statements******June 30, 2015 and 2014***

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**Note 17. Recovered Losses**

During the year ended June 30, 2014, the Organization recovered misappropriated funds from a former employee. The total of these recovered losses for the year ended June 30, 2014 approximated \$165,000 and is included in Recovered Losses on the Statement of Activities.

**Note 18. Subsequent Events**

On October 1, 2015, the Organization entered into an operating lease for office space for the Supportive Services for Veteran Families (“SSVF”) program.