

**ONE-EIGHTY PLACE
CHARLESTON, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

**ONE-EIGHTY PLACE
CHARLESTON, SOUTH CAROLINA
JUNE 30, 2016 AND 2015**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
One-Eighty Place
Charleston, South Carolina

We have audited the accompanying financial statements of One-Eighty Place (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 the One-Eighty Place as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of One-Eighty Place as of June 30, 2015, were audited by other auditors whose report dated October 22, 2015, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016 on our consideration of the One-Eighty 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 the One-Eighty Place's internal control over financial reporting and compliance.



November 9, 2016
Mount Pleasant, South Carolina

**ONE-EIGHTY PLACE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	2016	2015
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents - undesignated	\$ 162,577	\$ 179,561
Restricted cash and cash equivalents	9,669	14,993
Grants receivable	331,136	426,741
Accounts receivable	1,195	-
Prepaid expenses	35,509	52,771
Total current assets	540,086	674,066
<u>Non-Current Assets</u>		
Property and equipment, net	10,364,564	10,587,528
Total noncurrent assets	10,364,564	10,587,528
Total assets	\$ 10,904,650	\$ 11,261,594
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 149,086	\$ 158,655
Accrued expenses	81,995	230,053
Deferred revenue	2,513	-
Funds held for guests' savings accounts	9,669	14,993
Capital lease payable, current position	32,285	30,791
Notes payable, current portion	86,460	91,022
Total current liabilities	362,008	525,514
<u>Noncurrent Liabilities</u>		
Capital lease payable, less current position	66,095	98,605
Notes payable, less current portion	1,442,977	1,885,315
Total liabilities	1,871,080	2,509,434
<u>Net Assets</u>		
Unrestricted	8,983,074	8,743,454
Temporarily restricted net assets	50,496	8,706
Total net assets	9,033,570	8,752,160
Total liabilities and net assets	\$ 10,904,650	\$ 11,261,594

See accompanying notes to financial statements.

**ONE-EIGHTY PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions			
Community support			
Annual	\$ 1,882,159	\$ 59,650	\$ 1,941,809
In-kind contributions	443,585	-	443,585
Grant revenue			
Federal government	5,058,642	-	5,058,642
State and local governments and organizations	122,543	-	122,543
Miscellaneous income	27,411	-	27,411
Total support and revenue	<u>7,534,340</u>	<u>59,650</u>	<u>7,593,990</u>
Net assets released from restriction	<u>17,860</u>	<u>(17,860)</u>	<u>-</u>
Total operating support, revenue and net assets released from restrictions	<u>7,552,200</u>	<u>41,790</u>	<u>7,593,990</u>
Expenses			
Program services			
Rapid rehousing & case management	3,710,778	-	3,710,778
Grant per diem program	565,444	-	565,444
Shelter services	1,653,880	-	1,653,880
Food rescue & community kitchen	944,681	-	944,681
Total program services	<u>6,874,783</u>	<u>-</u>	<u>6,874,783</u>
Supporting services:			
Management and general	144,855	-	144,855
Fundraising	292,942	-	292,942
Total expenses	<u>7,312,580</u>	<u>-</u>	<u>7,312,580</u>
Increase in net assets	239,620	41,790	281,410
Net assets, beginning of year	<u>8,743,454</u>	<u>8,706</u>	<u>8,752,160</u>
Net assets, end of year	<u>\$ 8,983,074</u>	<u>\$ 50,496</u>	<u>\$ 9,033,570</u>

See accompanying notes to financial statements.

**ONE-EIGHTY PLACE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
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
Total support and revenue	<u>6,125,115</u>	<u>451,381</u>	<u>6,576,496</u>
Net assets released from restriction	<u>464,131</u>	<u>(464,131)</u>	<u>-</u>
Total operating support, revenue and net assets released from restrictions	<u>6,589,246</u>	<u>(12,750)</u>	<u>6,576,496</u>
Expenses			
Program services			
Rapid rehousing & case management	2,737,973	-	2,737,973
Grant per diem program	462,557	-	462,557
Shelter services	1,751,926	-	1,751,926
Food rescue & community kitchen	959,920	-	959,920
Total program services	<u>5,912,376</u>	<u>-</u>	<u>5,912,376</u>
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
Net assets, beginning of year	<u>8,528,221</u>	<u>21,456</u>	<u>8,549,677</u>
Net assets, end of year	<u>\$ 8,743,454</u>	<u>\$ 8,706</u>	<u>\$ 8,752,160</u>

See accompanying notes to financial statements.

**ONE-EIGHTY PLACE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Personnel</u>				
Salaries	\$ 3,088,064	\$ 71,018	\$ 167,206	\$ 3,326,288
Payroll taxes and other benefits	281,155	7,831	14,562	303,548
Insurance - employee	158,523	973	9,687	169,183
Total personnel	<u>3,527,742</u>	<u>79,822</u>	<u>191,455</u>	<u>3,799,019</u>
<u>Other functional expenses</u>				
Contracted services - Family Services	1,238,065	-	-	1,238,065
Food and kitchen supplies	411,352	-	-	411,352
Building utilities and maintenance	432,992	14,955	2,745	450,692
Depreciation	318,305	19,807	-	338,112
Guest expenses	341,719	-	-	341,719
Office and cleaning supplies	178,350	5,974	6,708	191,032
Computer technology	73,460	2,526	9,942	85,928
Insurance	74,099	9,249	212	83,560
Prescription and medical needs	73,294	-	-	73,294
Interest	75,991	2,777	2,881	81,649
Development, campaigns and events	-	-	19,493	19,493
Contracted services - other	25,763	-	-	25,763
Postage and printing	4,453	209	40,017	44,679
Miscellaneous	33,322	3,956	4,901	42,179
Training	19,565	2,513	6,812	28,890
Accounting and legal	21,633	1,108	1,908	24,649
Bank and payroll fees	18,592	1,959	5,868	26,419
Advertising and marketing	4,551	-	-	4,551
Summer camps	1,535	-	-	1,535
Total other functional expenses	<u>3,347,041</u>	<u>65,033</u>	<u>101,487</u>	<u>3,513,561</u>
Total expenses	<u>\$ 6,874,783</u>	<u>\$ 144,855</u>	<u>\$ 292,942</u>	<u>\$ 7,312,580</u>

See accompanying notes to financial statements.

**ONE-EIGHTY 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>
<u>Personnel</u>				
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>
<u>Other functional expenses</u>				
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 accompanying notes to financial statements.

**ONE-EIGHTY PLACE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<u>Operating Activities</u>		
Increase in net assets	\$ 281,410	\$ 202,483
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities:		
Depreciation	338,112	298,355
Change in discount to present value of promises to give	-	(277)
Changes in operating assets and liabilities:		
Grants receivable	95,605	(162,328)
Accounts receivable	(1,195)	-
Promises to give	-	8,434
Prepaid expense	17,262	34,285
Accounts payable	(9,569)	(867,638)
Accrued expenses	(148,058)	36,638
Deferred revenue	2,513	(7,480)
Funds held for guests' savings accounts	(5,324)	(4,494)
Net cash provided by (used for) operating activities	<u>570,756</u>	<u>(462,022)</u>
<u>Investing activities</u>		
Payments for construction in progress	-	(548,175)
Purchase of property and equipment	(115,148)	(22,081)
Net cash (used for) investing activities	<u>(115,148)</u>	<u>(570,256)</u>
<u>Financing activities</u>		
Proceeds from lines of credit	-	1,050,000
Principal payments on capital lease payable	(31,016)	(33,599)
Principal payments on notes payable	(446,900)	(104,120)
Net cash provided by (used for) financing activities	<u>(477,916)</u>	<u>912,281</u>
Net decrease in cash and cash equivalents	<u>(22,308)</u>	<u>(119,997)</u>
Cash and cash equivalents, beginning of year	<u>194,554</u>	<u>314,551</u>
Cash and cash equivalents, end of year	<u>\$ 172,246</u>	<u>\$ 194,554</u>
<u>Supplemental disclosures</u>		
Interest paid	<u>\$ 81,649</u>	<u>\$ 86,924</u>
<u>Noncash financing and investing transactions</u>		
Purchase of furniture and equipment through a capital lease	<u>\$ -</u>	<u>\$ 162,995</u>

See accompanying notes to financial statements.

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

One-Eighty 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 with accounting principles generally accepted in the United States of America (“GAAP”).

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 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 as of June 30, 2016 and 2015.

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.

In accordance with GAAP, contributions and grants are recorded as unrestricted, temporary 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. Contributions are recognized as revenue when they are received or unconditionally pledged.

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, decrease 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 realized 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 provided 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, 2016. There were no promises to give as of June 30, 2016.

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 at June 30, 2016 or 2015.

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 income.

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

Furniture and Equipment	3-5 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.

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In-Kind Contributions and Expenses:

The Organization received 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 the 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, 2016 and 2015, as the services do not meet the criteria outlined above.

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 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 with 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, 2016 or 2015. 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.

ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Tax Status, Continued

With few exceptions, the Organization is not subject to income tax examinations by the Federal, state, or local tax authorities for years prior to 2013.

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, 2016 and 2015.

Marketing Expenses

The Organization reports marketing costs in connection with fundraising activities as incurred. Marketing expenses totaled \$37,192 and \$72,925 for the years ended June 30, 2016 and 2015, respectively, and were included in “Development, Campaigns, and Events” and “Advertising and Marketing” in the Statements of Functional Expenses.

Reclassifications

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

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure at June 30, 2016 through November 9, 2016 the date the financial statements were available to be issued.

Recent Accounting Pronouncements and Proposed Accounting Pronouncements

On April 22, 2015, the Financial Accounting Standards Board (FASB) issued an Exposure Draft of the proposed Accounting Not-for Profit Entities (Topic 958) and Health Care Entities (Topic 954), for public release. The comment period ended as of August 20, 2015. The objective of this project is to reexamine existing standards for financial statements presentation by not-for-profit entities (NFP), focusing on improving: 1) Net asset classification requirements; and 2) Information provided in the financial statements and notes about liquidity, financial performance and cash flows. The Board has continued to meet, as recently as August 2016, and finalized the Accounting Standards Update. This pronouncement will be effective for years beginning after December 15, 2017 and will be applied retrospectively with options, and One-Eighty Place has the expertise and resources to implement these changes as currently proposed.

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, 2016, the Organization’s cash balances did not exceed insured limits. Management monitors the soundness of these financial institutions on a regular basis.

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

3. PROPERTY AND EQUIPMENT, NET

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

	<u>2016</u>	<u>2015</u>
Land	\$ 986,304	\$ 920,735
Buildings, building improvements, and land improvements	10,657,261	10,639,291
Kitchen and telephone equipment	91,867	91,867
Furniture, fixtures, and equipment	707,071	675,462
Vehicles	49,367	49,367
	<u>12,491,870</u>	<u>12,376,722</u>
Less accumulated depreciation	<u>(2,127,306)</u>	<u>(1,789,194)</u>
	<u>\$ 10,364,564</u>	<u>\$ 10,587,528</u>

Depreciation expense totaled \$338,112 and \$298,355 for the years ended June 30, 2016 and 2015, respectively.

4. OPERATING LEASES

The Organization entered into an operating lease for office space for the Supportive Services for Veteran Families (“SSVF”) program in May 2016 for a term beginning on May 27, 2016 and ending May 31, 2021. Base monthly rent thereafter increases to \$7,902 on June 1, 2017, \$8,060 on June 1, 2018, \$8,221 on June 1, 2019, and \$8,385 on June 1, 2020.

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:

2017	\$ 120,985
2018	94,977
2019	96,877
2020	98,814
2021	92,238
	<u>503,891</u>
	<u>\$ 503,891</u>

5. 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 3.50% at June 30, 2016. The line of credit had no outstanding balance at June 30, 2016 or 2015.

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

5. REVOLVING LINES OF CREDIT - CONTINUED

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 (3.50 % at June 30, 2016). The line of credit had no outstanding balance at June 30, 2016 or 2015.

6. NOTES PAYABLE

Notes payable consists of the following at June 30:

	2016	2015
A \$1,000,000 permanent note due to TD Bank, N.A. with monthly installment payments 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 note is secured by the Organization's real property at 35 Walnut Street.	\$ 944,350	\$ 995,839
Note payable due to South Carolina Community Loan Fund with monthly installment payments 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 note is secured by the Organization's real property at 35 Walnut Street.	301,294	491,548
A \$300,000 permanent note due to TD Bank N.A. with monthly installment payments 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 note is secured by the Organization's real property at 35 Walnut Street.	283,793	300,000
Note payable due to Wells Fargo, N.A with monthly installment payments of \$1,549, including interest at 3.6%, with an estimated balloon payment of \$156,971 due March 7, 2018. The loan was collateralized by the Organization's real property at 559 Meeting Street and 573 Meeting Street.	-	188,950
Less: Current maturities	1,529,437 (86,460)	1,976,337 (91,022)
	\$ 1,442,977	\$ 1,885,315

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

6. NOTES PAYABLE - CONTINUED

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

2017	\$	86,460
2018		340,992
2019		325,207
2020		776,778
Thereafter		<u>-</u>
	\$	<u><u>1,529,437</u></u>

7. 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, 2016, 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, 2016.

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, 2016, 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, 2016.

8. 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, 2016. The net book value of the furniture and equipment was \$112,544 and \$135,830 at June 30, 2016 and 2015, respectively.

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

2017	\$	36,267
2018		36,267
2019		<u>33,245</u>
Total minimum payments		105,779
Less amount representing interest		<u>(6,949)</u>
	\$	<u><u>98,830</u></u>

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

9. 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>2016</u>	<u>2015</u>
Homeless Employment and Learning Program (HELP)		
Center computers/Family Center-Summerville furnishings	\$ 8,706	\$ 8,706
Dental supplies	26,790	-
Family Center renovations	<u>15,000</u>	<u>-</u>
	<u>\$ 50,496</u>	<u>\$ 8,706</u>

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

	<u>2016</u>	<u>2015</u>
Capital campaign	\$ -	\$ 74,485
More than a Roof campaign	-	376,896
Family Center-Summerville furnishings	-	12,750
Medical services	<u>17,860</u>	<u>-</u>
	<u>\$ 17,860</u>	<u>\$ 464,131</u>

10. FUNDS HELD AT 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 balance of the One80 Place Endowment fund was \$83,615 and \$87,990 at June 30, 2016 and 2015, respectively. The balance of the Zucker Family Endowment for One80 Place was \$157,469 and \$165,707 at June 30, 2016 and 2015, respectively. The Organization received no distributions from these funds for the years ended June 30, 2016 and 2015. These funds are not recorded on the books of the Organization because it does not have variance power over the funds.

11. 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 \$50,408 and \$50,556 for the years ended June 30, 2016 and 2015, respectively.

**ONE-EIGHTY PLACE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

12. 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>2016</u>	<u>2015</u>
Rescued food and donated meals served	\$ 368,365	\$ 425,531
Miscellaneous goods	<u>75,220</u>	<u>108,973</u>
	<u>\$ 443,585</u>	<u>\$ 534,504</u>

13. 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, 2016 or 2015.

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.

14. RELATED PARTY TRANSACTIONS

Board members, including their respective places of business, donated \$158,300 and \$100,415 during the years ended June 30, 2016 and 2015.