

THE NIGHT MINISTRY AND SUBSIDIARY

**INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
(WITH SUPPLEMENTARY INFORMATION)**

JUNE 30, 2011

Dated: October 25, 2011

THE NIGHT MINISTRY AND SUBSIDIARY
INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
(WITH SUPPLEMENTARY INFORMATION)

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INDEPENDENT AUDITORS' REPORT

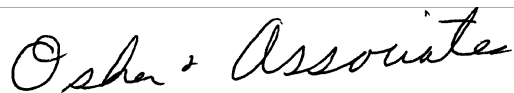
To the Board of Directors
The Night Ministry and Subsidiary

We have audited the accompanying consolidated statement of financial position of The Night Ministry (an Illinois not-for-profit corporation) and Subsidiary as of June 30, 2011, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the fiscal year then ended. These consolidated financial statements are the responsibility of The Night Ministry and Subsidiary's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from The Night Ministry and Subsidiary's June 30, 2010 financial statements and, in our report dated October 25, 2010, we expressed an unqualified opinion on those financial statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Night Ministry and Subsidiary as of June 30, 2011, and the consolidated changes in its net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of The Night Ministry and Subsidiary taken as a whole. The accompanying consolidating schedule of financial position (Schedule A-1) and consolidating schedule of activities and changes in net assets (Schedule B-1) are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.



Certified Public Accountants
Chicago, Illinois
October 25, 2011

THE NIGHT MINISTRY AND SUBSIDIARY

EXHIBIT A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2011 AND JUNE 30, 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents (Notes 2 and 10)	\$1,489,989	\$771,523
Contributions Receivable (Note 3)	126,061	52,477
Government Receivables	175,468	86,397
Miscellaneous Receivables	22,452	29,265
Prepaid Expenses	110,738	104,451
Security Deposits	10,000	10,000
Investments (Notes 2 and 4)	27,155	1,076,827
Property and Equipment, Net of Accumulated Depreciation and Amortization (Notes 2 and 5)	3,691,841	3,997,408
	<u>\$5,653,704</u>	<u>\$6,128,348</u>

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
Accounts Payable and Accrued Expenses	\$266,418	\$246,448
Advance on Conditional Promise to Give Grants Due to Other Organizations (Notes 2 and 6)	0 14,765	100,000 0
	<u>281,183</u>	<u>346,448</u>
Net Assets (see Exhibit B)		
Unrestricted --		
Designated by the Board of Directors (Note 8)	1,277,683	1,698,936
Invested in Building and Equipment	3,691,841	3,997,408
	<u>4,969,524</u>	<u>5,696,344</u>
Temporarily Restricted (Note 9) --		
Purpose	276,936	33,079
Future Periods	126,061	52,477
	<u>402,997</u>	<u>85,556</u>
	<u>5,372,521</u>	<u>5,781,900</u>
	<u>\$5,653,704</u>	<u>\$6,128,348</u>

The accompanying notes are an integral part of this consolidated statement.

THE NIGHT MINISTRY AND SUBSIDIARY

EXHIBIT B

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Total</u>	<u>2010 (Note 11)</u>
Revenue:				
Public Support:				
Grants, Contributions, and Bequests	\$2,049,606	\$385,355	\$2,434,961	\$1,844,674
Board Designated Grants and Contributions (Note 8)	1,000,000		1,000,000	1,000,000
Grants from Government Agencies	1,679,413		1,679,413	1,641,135
Special Events (Net of Direct Costs of \$112,557 in 2011 and \$95,432 in 2010)	166,910		166,910	157,357
	<u>4,895,929</u>	<u>385,355</u>	<u>5,281,284</u>	<u>4,643,166</u>
Other Revenue:				
Investment Income	10,841		10,841	22,691
Gain (Loss) on Sale of Investments	2,212		2,212	320
Unrealized Gain/(Loss) Investments (Note 2)	(3,669)		(3,669)	(869)
Fee Income	6,098		6,098	2,525
	<u>15,482</u>		<u>15,482</u>	<u>24,667</u>
Net Assets Released from Restrictions				
Satisfaction of Restrictions - Future	52,477	(52,477)	0	0
Satisfaction of Program Restrictions	15,437	(15,437)	0	0
Total Revenue	<u>4,979,325</u>	<u>317,441</u>	<u>5,296,766</u>	<u>4,667,833</u>
Expenses: (See Exhibit C)				
Program Services:				
Outreach and Health Ministry	1,370,756		1,370,756	1,403,222
Open Door Shelters	3,295,017		3,295,017	3,130,577
	<u>4,665,773</u>		<u>4,665,773</u>	<u>4,533,799</u>
Supporting Services:				
Management and General	695,325		695,325	656,937
Fund Raising	345,047		345,047	329,454
	<u>1,040,372</u>		<u>1,040,372</u>	<u>986,391</u>
Total Expenses	<u>5,706,145</u>		<u>5,706,145</u>	<u>5,520,190</u>
Change in Net Assets	<u>(726,820)</u>	<u>317,441</u>	<u>(409,379)</u>	<u>(852,357)</u>
Net Assets, Beginning of Fiscal Year	<u>5,696,344</u>	<u>85,556</u>	<u>5,781,900</u>	<u>6,634,257</u>
Net Assets, End of Fiscal Year (to Exhibit A)	<u>\$4,969,524</u>	<u>\$402,997</u>	<u>\$5,372,521</u>	<u>\$5,781,900</u>

The accompanying notes are an integral part of this consolidated statement.

THE NIGHT MINISTRY AND SUBSIDIARY

EXHIBIT C

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	PROGRAM SERVICES		
	Outreach and Health Ministry	Open Door Shelters	Total
Salaries	\$776,447	\$1,993,529	\$2,769,976
Employee Benefits	111,647	355,144	466,791
Payroll Taxes	52,345	144,772	197,117
Total Salaries and Related Expenses	940,439	2,493,445	3,433,884
Bank Charges	249	522	771
Consulting Fees	8,603	29,338	37,941
Depreciation and Amortization (Notes 2 and 5)	69,430	220,289	289,719
Dues, Books and Subscriptions	8,679	15,347	24,026
Equipment Leasing	97	7,196	7,293
Grants to Other Organizations (Notes 2 and 6)	40,973	88,156	88,156
Insurance	26,990	59,925	100,898
Kitchen Supplies	848	51,285	78,275
Miscellaneous Expense	82,193	4,199	5,047
Occupancy (Note 7)	2,641	78,566	160,759
Office Supplies	3,854	16,305	18,946
Postage and Shipping	13,598	7,540	11,394
Printing	39,288	26,439	40,037
Professional Fees	17,440	34,837	74,125
Program and Medical Supplies and Expense	763	18,095	35,535
Public Relations	27,096	1,324	2,087
Repairs and Maintenance	300	55,954	83,050
Specific Assistance	9,834	41,118	41,418
Staff/Volunteer Street Expenses	9,948	13,097	22,931
Telephone	6,127	14,291	24,239
Travel	61,366	11,863	17,990
Vehicle Expenses		5,886	67,252
Total Functional Expenses (to Exhibit B)	\$1,370,756	\$3,295,017	\$4,665,773

The accompanying notes are an integral part of this consolidated statement.

THE NIGHT MINISTRY AND SUBSIDIARY

EXHIBIT C (Continued)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	SUPPORTING SERVICES			TOTALS	
	Program Services (Continued)	Management and General	Fund Raising	2011	2,010 (Note 11)
Salaries	\$2,769,976	\$201,688	\$105,547	\$3,077,211	\$2,957,937
Employee Benefits	466,791	73,011	5,549	545,351	565,618
Payroll Taxes	197,117	26,254	28,539	251,910	246,400
Total Salaries and Related Expenses	3,433,884	300,953	139,635	3,874,472	3,769,955
Bank Charges	771	16,105		16,876	14,339
Consulting Fees	37,941	19,993	48,070	106,004	93,558
Depreciation and Amortization (Notes 2 and 5)	289,719	51,821	6,313	347,853	360,029
Dues, Books and Subscriptions	24,026	25,204	2,863	52,093	51,218
Equipment Leasing	7,293	6,261		13,554	18,230
Grants to Other Organizations (Notes 2 and 6)	88,156			88,156	54,005
Insurance	100,898	13,418	3,518	117,834	119,682
Kitchen Supplies	78,275	5,566		83,841	93,711
Miscellaneous Expense	5,047	16,556	2,714	24,317	21,361
Occupancy (Note 7)	160,759	34,281	17,692	212,732	181,112
Office Supplies	18,946	13,057	1,091	33,094	35,322
Postage and Shipping	11,394	5,032	23,692	40,118	57,404
Printing	40,037	1,852	86,101	127,990	87,692
Professional Fees	74,125	56,459	1,379	131,963	180,566
Program and Medical Supplies Expense	35,535	653	38	36,226	39,052
Public Relations	2,087	191	4,111	6,389	697
Repairs and Maintenance	83,050	95,777	5,063	183,890	162,601
Specific Assistance	41,418			41,418	38,102
Staff/Volunteer Street Expenses	22,931	10,945	1,235	35,111	29,302
Telephone	24,239	16,613	349	41,201	36,156
Travel	17,990	4,344	1,183	23,517	24,054
Vehicle Expenses	67,252	244		67,496	52,042
Total Functional Expenses (to Exhibit B)	\$4,665,773	\$695,325	\$345,047	\$5,706,145	\$5,520,190

The accompanying notes are an integral part of this consolidated statement.

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1--Description of Organization:

The Night Ministry (TNM) is a not-for-profit, non-denominational social service organization connecting youth and adults in need with basic resources for healthcare, housing, employment, education, and more through its Outreach and Health Ministry and homeless youth housing programs. Its programs are operated out of a variety of venues, including a health outreach bus that is on the street six nights a week, through three youth housing programs, outreach professionals who provide services on the street at night, and community based case management services. In addition, during the 2011 fiscal year, The Night Ministry operated a pilot, short term (January to April 2011), overnight shelter for youth between the ages of 18 and 24. The Night Ministry serves adults and youth in need - regardless of race, ethnicity, religion, sexual orientation, or social status.

TNM incorporated the TNM Asset Management Organization, NFP (AMO) a not-for-profit organization on March 6, 2008 for the purpose of managing TNM's significant tangible assets and ensuring their long term sustainability and viability in support of TNM's mission. TNM's building, land and related assets were legally transferred to AMO on July 14, 2009.

TNM and AMO are referred to collectively as the "Organization"

Note 2--Summary of Significant Accounting Policies:

Principles of Consolidation--The accompanying consolidated financial statements include the accounts of TNM and AMO. TNM became the sole member of AMO on May 12, 2008. TNM holds, and has the right and powers to maintain the majority of the AMO Board of Directors. The President of TNM is the Executive Director of AMO. Significant interentity transactions and balances have been eliminated in consolidation.

Basis of Accounting--The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with United States generally accepted accounting principles applicable to nonprofit organizations.

Donated Services--Donated services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of land, buildings and equipment) or for those that require specialized skills (as contributions and expenses). During fiscal years 2011 and 2010, management estimated and recorded contributions for professional services requiring specialized skills in the amount of \$34,000 and \$70,000, respectively.

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2--Summary of Significant Accounting Policies (continued):

Donated Services (continued)--A substantial number of volunteers have donated significant amounts of their time to the Organization's programs and supporting services, but no amounts have been recorded for the value of their services, in accordance with provisions of Accounting Standards Codification ("ASC") 958-605-25-16 *Not for Profit Entities - Revenue Recognition - Contributions Received - Contributed Services*. During fiscal years 2011 and 2010, management estimates the organization received approximately 28,000 and 25,200 hours of volunteer services valued at \$614,000 and \$538,000, respectively.

Donated Materials--Donated goods and materials are reflected on the accompanying financial statements for fiscal years 2011 and 2010 in the amounts of \$0 and \$0, respectively, the estimated values at the date of donation.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

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

The Organization also received approximately \$117,000 and \$80,000 of donated goods and materials during fiscal years 2011 and 2010, respectively, which are not reflected in the accompanying financial statements because they were directly passed through to clients served by the Organization's various programs.

Cash and Cash Equivalents--Cash and cash equivalents are comprised of demand deposits, money market funds and commercial paper with original maturities of 3 months or less.

Investments--Investments in certificates of deposit and marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2--Summary of Significant Accounting Policies (continued):

Fixed Assets--Fixed assets are stated at cost or estimated value if donated. All acquisitions of property and equipment in excess of \$2,000, and all expenditures for repairs, maintenance renewals and betterments that materially prolong the useful lives of the assets for three years or greater are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets: building and building improvements, 31.5 years; equipment, 5 years; furniture & fixtures, 7 years; vehicles, 5 years.

Leasehold Improvements--Leasehold improvements are stated at cost or estimated value if donated. Amortization is provided on a straight line basis over the term of lease.

Restricted Grants--The Organization has established procedures to insure that grant provisions are complied with as is required by its various donors.

Contributions--Donor-restricted contributions received in the current fiscal year are recorded as unrestricted support where the restrictions have been satisfied during the same year.

Grants to Other Organizations--Amounts paid to organizations are based on invoices submitted and are recorded as incurred.

Estimates--The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events -- The financial statements were available to be issued on October 25, 2011 with subsequent events being evaluated through this date.

Functional Expenses--Operating expenses directly identified with a functional area are charged to such area and, where such expenses affect more than one area, they are allocated to the respective areas on the basis of ratios, as estimated by management.

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011

Note 3--Contributions Receivable:

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category.

Contributions expected to be collected in one year or less are recorded at net realizable value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value. Based on past history, management estimates that an allowance for uncollectible promises is insignificant.

The Organization had unconditional promises to give in the following amounts at June 30, 2011 and June 30, 2010:

	<u>2011</u>	<u>2010</u>
Future Restriction	<u>\$126,061</u>	<u>\$ 52,477</u>
Total Unconditional promises to give	<u>\$126,061</u>	<u>\$ 52,477</u>
Receivable in less than one year	\$126,061	\$ 52,477
Receivable in one to five years	<u>0</u>	<u>0</u>
Total Unconditional promises to give	<u>\$126,061</u>	<u>\$ 52,477</u>

Note 4--Investments and Fair Value Measurements:

ASC Topic 820 *Fair Value Measurement and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- C quoted prices for similar assets or liabilities in active markets;
- C quoted prices for identical or similar assets or liabilities in inactive markets;
- C inputs other than quoted prices that are observable for the asset or liability;
- C inputs that are derived principally from or corroborated by observable market data by correlation or other mean.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4--Investments and Fair Value Measurements (continued):

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Certificate of Deposit: Valued at an estimated fair value as of June 30, 2011 and 2010 based on quoted prices for similar assets in an active market.

A Bank Certificate of Deposit at June 30, 2011 and 2010, respectively, in the amount of \$27,155 and \$27,033 is pledged as collateral for a \$25,000 Irrevocable Letter of Credit established in conjunction with a medical liability insurance tail policy. The Letter of Credit matures on December 18, 2011 and is automatically renewable for a one year term unless revoked in writing.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair hierarchy, the Organization's assets at fair value as of June 30, 2011 and June 30, 2010:

Assets at Fair Value as of June 30, 2011

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit (Cost \$27,155)	<u>\$ 0</u>	<u>\$ 27,155</u>	<u>\$ 0</u>	<u>\$ 27,155</u>
Total assets at fair value	<u>\$ 0</u>	<u>\$ 27,155</u>	<u>\$ 0</u>	<u>\$ 27,155</u>

Assets at Fair Value as of June 30, 2010

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposits (Cost \$1,073,200)	<u>\$ 0</u>	<u>\$ 1,076,827</u>	<u>\$ 0</u>	<u>\$ 1,076,827</u>
Total assets at fair value	<u>\$ 0</u>	<u>\$ 1,076,827</u>	<u>\$ 0</u>	<u>\$ 1,076,827</u>

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011

Note 5--Property and Equipment:

At June 30, 2011 and 2010, the cost and accumulated depreciation and amortization for property and equipment were as follows:

	<u>2011</u>	<u>2010</u>
Land - Lakeview Shelter	\$ 51,570	\$ 51,570
Building - Lakeview Shelter	349,365	349,365
Land - West Town Shelter	264,662	264,662
Building - West Town Shelter	3,052,520	3,052,520
Building Improvements-Lakeview Shelter	502,797	502,797
Equipment	1,260,789	1,231,827
Furniture & Fixtures	192,987	192,987
Vehicles	617,643	617,643
Software	62,171	48,847
Leasehold Improvements	<u>412,288</u>	<u>412,288</u>
	6,766,792	6,724,506
Less Accumulated Amortization	386,560	345,332
Less Accumulated Depreciation	<u>2,688,391</u>	<u>2,381,766</u>
	<u>\$3,691,841</u>	<u>\$3,997,408</u>

Depreciation expense charged to operations for the fiscal years ended June 30, 2011 and 2010 totaled \$306,625 and \$318,800 respectively. Amortization expense charged to operations for the fiscal years ended June 30, 2011 and 2010 totaled \$41,228 and \$41,229 respectively.

Note 6--Grants Due to Other Organizations:

Grants due to other organizations represent amounts due to organizations participating in the Open Door Shelter Youth Outreach Programs at Lakeview and West Town. The amounts expensed for the services rendered for the years ended June 30, 2011 and 2010 were \$ 88,156 and \$54,005 respectively. At June 30, 2011 and 2010, the balance in the due to account was \$14,765 and \$0, respectively

Note 7--Lease Commitments:

The Organization occupies office space at 4711 North Ravenswood Avenue under an operating lease agreement that expires December 31, 2014. The Organization has an option to extend the lease thru December 31, 2016 at an amount to be determined no later than December 31, 2013.

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30,2011

Note 7-- Lease Commitments (continued):

Future fiscal year minimum lease obligations under this agreement as of June 30, 2011 are as follows.

2012	\$ 137,158
2013	137,158
2014	137,158
2015	<u>68,579</u>
	<u>\$ 480,053</u>

Total charges to operations for rental expense during the fiscal years ended June 30, 2011 and 2010 amounted to \$162,632 and \$145,733, respectively.

Note 8--Board Designated Fund:

The Organization benefits from the contribution of a long time benefactor. The gift is unrestricted. The funds from this donation are invested at Northern Trust. The Board designates the annual contribution for operations, while the surplus from current and past contributions are designated as a reserve fund, to use in case of a fiscal emergency or to support future expanded operations. By resolution, the Board has targeted this reserve fund to equal six months of the current fiscal year's budgeted expenses. The Finance Committee reviews the balance of the fund monthly. The Net Assets Designated by the Board of Directors at June 30, 2011 and 2010 was \$1,277,683 and \$1,698,936, respectively.

Note 9--Temporarily Restricted Net Assets:

Temporarily restricted net assets were attributable to the following purposes as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Special Events	\$ 15,000	\$ 10,000
Support of Aftercare and Educational Activities	17,642	17,642
Outreach Health Services	98,833	0
Interim Shelters	<u>145,461</u>	<u>5,437</u>
Total Purpose Restrictions	276,936	33,079
Future Periods	<u>126,061</u>	<u>52,477</u>
Total Temporarily Restricted	<u>\$402,997</u>	<u>\$85,556</u>

THE NIGHT MINISTRY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30,2011

Note 10--Concentration of Credit Risk:

Deposit accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2011 amounts maintained in an uninsured Northern Money Market fund amounted to \$1,011,688.

Note 11--Comparative Totals for Prior Year:

Amounts shown in the accompanying financial statements (Exhibits B and C) as comparative totals for the fiscal year ended June 30, 2010 are included only to provide a basis for comparison with the fiscal year ended June 30, 2011 and are not intended to present all information for the fiscal year ended June 30, 2010 necessary for a fair presentation in accordance with United States generally accepted accounting principles. Certain amounts from the prior year have been reclassified in order to provide a basis for comparison with the current year.

Note 12 -- Income Taxes:

TNM and AMO have been determined by the Internal Revenue Service to be exempt from Federal income tax under Section 501(a) as described under Section 501(c)(3) of the U. S. Internal Revenue Code and exempt from Illinois income tax under the comparable state law. Accordingly, no provision for income tax has been established, and contributions to it are deductible within the limitations as prescribed by the Internal Revenue Code.

TNM and AMO file returns in the U.S. federal jurisdiction and Illinois. With few exceptions, TNM is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities prior to fiscal year ended June 30, 2008 filed on the 2007 tax form. AMO is not subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2009. TNM and AMO do not expect a material net change in unrecognized tax benefits in the next twelve months.

THE NIGHT MINISTRY AND SUBSIDIARY
SCHEDULE A-1
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2011

ASSETS

	The Night Ministry	TNM Asset Management Organization, NFP	Eliminations	Consolidated Total
Cash and Cash Equivalents	\$1,197,745	\$292,244		\$1,489,989
Contributions Receivable	126,061			126,061
Government Receivables	175,468			175,468
Miscellaneous Receivables	34,445		(\$11,993)	22,452
Prepaid Expenses	109,831	907		110,738
Security Deposits	10,000			10,000
Investments	27,155			27,155
Property and Equipment, Net of Accumulated Depreciation and Amortization (See Note A Below)	267,648	3,424,193		3,691,841
	<u>\$1,948,353</u>	<u>\$3,717,344</u>	<u>-\$11,993</u>	<u>\$5,653,704</u>

LIABILITIES AND NET ASSETS

	The Night Ministry	TNM Asset Management Organization, NFP	Eliminations	Consolidated Total
Accounts Payable and Accrued Expenses	\$265,972	\$12,439	(\$11,993)	\$266,418
Grants Due to Other Organizations	14,765			14,765
	<u>280,737</u>	<u>12,439</u>	<u>(11,993)</u>	<u>281,183</u>
Net Assets				
Unrestricted --				
Designated by the Board of Directors	996,971	280,712		1,277,683
Invested in Building and Equipment	267,648	3,424,193		3,691,841
	<u>1,264,619</u>	<u>3,704,905</u>	<u>0</u>	<u>4,969,524</u>
Temporarily Restricted --				
Purpose	276,936	0		276,936
Future Periods	126,061	0	0	126,061
	<u>402,997</u>	<u>0</u>	<u>0</u>	<u>402,997</u>
	<u>1,667,616</u>	<u>3,704,905</u>	<u>0</u>	<u>5,372,521</u>
	<u>\$1,948,353</u>	<u>\$3,717,344</u>	<u>(\$11,993)</u>	<u>\$5,653,704</u>

Note A: Property and Equipment

Land - Lakeview Shelter	\$0	\$51,570		\$51,570
Building - Lakeview Shelter	0	349,365		349,365
Land - West Town Shelter	0	264,662		264,662
Building - West Town Shelter	0	3,052,520		3,052,520
Building Improvements - Lakeview Shelter	0	502,797		502,797
Equipment	931,203	329,586		1,260,789
Furniture & Fixtures	192,987	0		192,987
Vehicles	617,643	0		617,643
Software	62,171	0		62,171
Leasehold Improvements	412,288	0	\$0	412,288
	<u>2,216,292</u>	<u>4,550,500</u>	<u>0</u>	<u>6,766,792</u>
Less Accumulated Amortization	386,560	0	0	386,560
Less Accumulated Depreciation	1,562,084	1,126,307	0	2,688,391
	<u>\$267,648</u>	<u>\$3,424,193</u>	<u>\$0</u>	<u>\$3,691,841</u>

See independent auditor's report.

THE NIGHT MINISTRY AND SUBSIDIARY
SCHEDULE B-1

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	The Night Ministry		TNM Asset Management Organization, NFP		Eliminations	Consolidated Total
	Unrestricted	Temporarily Restricted	Total	Management Organization, NFP	Eliminations	Consolidated Total
Revenue:						
Public Support:						
Grants, Contributions, and Bequests	\$2,047,440	\$385,355	\$2,432,795	\$2,166		\$2,434,961
Board Designated Grants and Contributions	1,000,000		1,000,000			1,000,000
Grants from Government Agencies	1,679,413		1,679,413			1,679,413
Special Events (Net of Direct Costs of \$112,557 in 2011 and \$95,432 in 2010)	166,910		166,910			166,910
	4,893,763	385,355	5,279,118	2,166		5,281,284
Other Revenue:						
Investment Income	10,814		10,814	27		10,841
Gain (Loss) on Sale of Investments	2,212		2,212			2,212
Unrealized Gain/(Loss) Investments	(3,669)		(3,669)			(3,669)
Rental Income	0		0	283,249	(\$283,249)	0
Fee Income	6,098		6,098			6,098
	15,455		15,455	283,276	(283,249)	15,482
Net Assets Released from Restrictions						
Satisfaction of Restrictions - Future	52,477	(52,477)	0			0
Satisfaction of Program Restrictions	15,437	(15,437)	0			0
	4,977,132	317,441	5,294,573	285,442	(283,249)	5,296,766
Total Revenue						
	1,370,756		1,370,756	266,160	(283,249)	1,370,756
	3,312,106		3,312,106			3,295,017
	4,682,862		4,682,862	266,160	(283,249)	4,665,773
Expenses: (See Exhibit C)						
Program Services:						
Outreach and Health Ministry	692,496		692,496	2,829		695,325
Open Door Shelters	345,047		345,047			345,047
Supporting Services:						
Management and General	1,037,543		1,037,543	2,829		1,040,372
Fund Raising	5,720,405		5,720,405	268,989	(283,249)	5,706,145
	(743,273)	317,441	(425,832)	16,453		(409,379)
Total Expenses						
	2,007,892	85,556	2,093,448	3,688,452		5,781,900
Change in Net Assets						
Net Assets, Beginning of Fiscal Year	\$1,264,619	\$402,997	\$1,667,616	\$3,704,905	\$0	\$5,372,521
Net Assets, End of Fiscal Year (to Exhibit A-1)						

See independent auditor's report.