



AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

**The Night Ministry and Subsidiary
Audit Report
For the Year Ended June 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Night Ministry and Subsidiary
Chicago, Illinois

We have audited the accompanying consolidated financial statements of **The Night Ministry and Subsidiary**, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Night Ministry and Subsidiary as of June 30, 2018 and 2017, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, functional expenses, and cash flows are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Selden Fox, Ltd.

December 4, 2018

The Night Ministry and Subsidiary
Consolidated Statement of Financial Position
June 30,

Assets	2018	2017
Cash and cash equivalents	\$ 2,038,881	\$ 1,761,336
Contributions receivable	653,750	602,675
Government receivables	200,961	499,123
Miscellaneous receivables	2,997	36,453
Prepaid expenses	142,907	120,447
Security deposits	10,000	10,000
Investments	400,000	200,000
Property and equipment, net of accumulated depreciation and amortization	2,729,835	2,893,645
Contributions receivable intended for the endowment	-	500,000
Assets invested for endowment purposes	2,845,252	1,706,093
Total assets	\$ 9,024,583	\$ 8,329,772
Liabilities and Net Assets		
Liabilities - accounts payable and accrued expenses	\$ 486,733	\$ 468,611
Net assets:		
Unrestricted:		
Undesignated for general activities	1,417,629	1,150,401
Designated by the Board of Directors	1,329,957	877,530
Invested in building and equipment	2,729,835	2,893,645
Total unrestricted net assets	5,477,421	4,921,576
Temporarily restricted:		
Purpose	1,234,189	1,406,022
Future periods	465,000	252,323
Total temporarily restricted net assets	1,699,189	1,658,345
Permanently restricted net assets	1,361,240	1,281,240
Total net assets	8,537,850	7,861,161
Total liabilities and net assets	\$ 9,024,583	\$ 8,329,772

See accompanying notes.

**The Night Ministry and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Public support:				
Grants, contributions and bequests	\$ 3,658,427	\$ 2,026,504	\$ 80,000	\$ 5,764,931
Board designated grants and contributions	600,000	-	-	600,000
Grants from government agencies	1,610,008	-	-	1,610,008
Special events (net of direct costs of \$165,945)	397,676	-	-	397,676
Other income:				
Investment income	98,942	106,732	-	205,674
Fee income	684	-	-	684
Net assets released from restrictions:				
Satisfaction of time restrictions	255,000	(255,000)	-	-
Satisfaction of purpose restrictions	1,837,392	(1,837,392)	-	-
Total revenues	8,458,129	40,844	80,000	8,578,973
Expenses:				
Program services:				
Outreach and health ministry	1,399,143	-	-	1,399,143
Shelter programs	5,036,012	-	-	5,036,012
Total program services expense	6,435,155	-	-	6,435,155
Management and general	670,392	-	-	670,392
Fund-raising	796,737	-	-	796,737
Total expenses	7,902,284	-	-	7,902,284
Change in net assets	555,845	40,844	80,000	676,689
Net assets, beginning of the year	4,921,576	1,658,345	1,281,240	7,861,161
Net assets, end of the year	\$ 5,477,421	\$ 1,699,189	\$ 1,361,240	\$ 8,537,850

See accompanying notes.

**The Night Ministry and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Public support:				
Grants, contributions and bequests	\$ 3,623,265	\$ 2,393,357	\$ 779,400	\$ 6,796,022
Board designated grants and contributions	600,000	-	-	600,000
Grants from government agencies	1,638,769	-	-	1,638,769
Special events (net of direct costs of \$148,187)	435,513	-	-	435,513
Other income:				
Investment income	47,758	41,573	-	89,331
Loss on sale of real property held for sale	(232,857)	-	-	(232,857)
Fee income	3,359	-	-	3,359
Reclassification of net assets	(300,000)	-	300,000	-
Net assets released from restrictions:				
Satisfaction of time restrictions	242,500	(242,500)	-	-
Satisfaction of purpose restrictions	1,446,309	(1,446,309)	-	-
Total revenues	<u>7,504,616</u>	<u>746,121</u>	<u>1,079,400</u>	<u>9,330,137</u>
Expenses:				
Program services:				
Outreach and health ministry	1,278,854	-	-	1,278,854
Shelter programs	4,484,302	-	-	4,484,302
Total program services expense	5,763,156	-	-	5,763,156
Management and general	542,535	-	-	542,535
Fund-raising	577,396	-	-	577,396
Total expenses	<u>6,883,087</u>	<u>-</u>	<u>-</u>	<u>6,883,087</u>
Change in net assets	<u>621,529</u>	<u>746,121</u>	<u>1,079,400</u>	<u>2,447,050</u>
Net assets, beginning of the year	<u>4,300,047</u>	<u>912,224</u>	<u>201,840</u>	<u>5,414,111</u>
Net assets, end of the year	<u>\$ 4,921,576</u>	<u>\$ 1,658,345</u>	<u>\$ 1,281,240</u>	<u>\$ 7,861,161</u>

See accompanying notes.

The Night Ministry and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018

	Outreach and Health Ministry	Shelter Programs	Total Program Services	Management and General	Fund-raising	Total
Salaries	\$ 810,553	\$ 3,086,930	\$ 3,897,483	\$ 205,191	\$ 443,489	\$ 4,546,163
Employee benefits and payroll taxes	167,281	848,889	1,016,170	81,296	119,584	1,217,050
Total salaries and related expense	977,834	3,935,819	4,913,653	286,487	563,073	5,763,213
Bank charges	-	-	-	30,529	-	30,529
Consulting fees	14,250	6,760	21,010	31,298	150,371	202,679
Depreciation and amortization	72,669	142,962	215,631	6,537	3,884	226,052
Dues, books and subscriptions	15,834	31,638	47,472	41,101	5,535	94,108
Equipment leasing	1,594	18,062	19,656	3,358	-	23,014
Grants to other organizations	-	36,063	36,063	-	-	36,063
Insurance	31,897	56,019	87,916	20,889	4,784	113,589
Kitchen supplies	12,500	139,987	152,487	8,776	-	161,263
Miscellaneous expense	114	191	305	609	2,096	3,010
Occupancy	48,925	113,797	162,722	65,158	33,648	261,528
Office supplies	2,072	33,276	35,348	16,920	1,018	53,286
Postage and shipping	232	223	455	3,001	19,090	22,546
Printing	385	1,174	1,559	3,236	30,006	34,801
Professional fees	2,775	3,052	5,827	71,747	10,800	88,374
Program and medical supplies expense	44,622	25,166	69,788	3,503	2,185	75,476
Public relations	360	1,477	1,837	667	22,288	24,792
Repairs and maintenance	36,542	151,054	187,596	84,355	23,535	295,486
Specific assistance	5,190	47,725	52,915	-	-	52,915
Staff/volunteer street expenses	22,913	25,928	48,841	54,279	11,833	114,953
Telephone	8,220	61,969	70,189	28,962	720	99,871
Travel	6,444	13,355	19,799	35,709	1,853	57,361
Vehicle expenses	58,652	8,426	67,078	124	173	67,375
Total functional expenses before allocation of management and general and fund-raising expenses	1,364,024	4,854,123	6,218,147	797,245	886,892	7,902,284
Allocation of management and general and fund-raising expenses	35,119	181,889	217,008	(126,853)	(90,155)	-
Total functional expenses	\$ 1,399,143	\$ 5,036,012	\$ 6,435,155	\$ 670,392	\$ 796,737	\$ 7,902,284

See accompanying notes.

The Night Ministry and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2017

	Outreach and Health Ministry	Shelter Programs	Total Program Services	Management and General	Fund-raising	Total
Salaries	\$ 701,497	\$ 2,671,120	\$ 3,372,617	\$ 177,960	\$ 306,011	\$ 3,856,588
Employee benefits and payroll taxes	144,015	798,911	942,926	56,909	74,903	1,074,738
Total salaries and related expense	845,512	3,470,031	4,315,543	234,869	380,914	4,931,326
Bank charges	-	-	-	25,365	-	25,365
Consulting fees	1,000	3,451	4,451	7,026	132,333	143,810
Depreciation and amortization	76,773	153,013	229,786	8,371	5,801	243,958
Dues, books and subscriptions	13,052	23,169	36,221	36,276	7,829	80,326
Equipment leasing	1,160	9,326	10,486	2,878	4	13,368
Grants to other organizations	-	42,897	42,897	-	-	42,897
Insurance	37,576	53,408	90,984	19,126	5,393	115,503
Kitchen supplies	8,766	92,769	101,535	5,511	-	107,046
Miscellaneous expense	107	349	456	1,773	22,558	24,787
Occupancy	75,698	95,845	171,543	44,527	27,541	243,611
Office supplies	2,944	15,113	18,057	13,096	588	31,741
Postage and shipping	385	192	577	2,723	20,084	23,384
Printing	1,087	909	1,996	3,461	45,823	51,280
Professional fees	1,910	14,272	16,182	58,340	5,000	79,522
Program and medical supplies expense	44,020	26,609	70,629	402	84	71,115
Public relations	1,537	1,440	2,977	791	5,670	9,438
Repairs and maintenance	31,848	124,985	156,833	97,096	9,918	263,847
Specific assistance	3,058	32,944	36,002	-	69	36,071
Staff/volunteer street expenses	49,232	73,572	122,804	39,266	4,185	166,255
Telephone	7,463	41,369	48,832	31,338	710	80,880
Travel	4,574	13,164	17,738	24,615	7,542	49,895
Uncollectible grants	-	-	-	11,416	-	11,416
Vehicle expenses	30,414	5,775	36,189	47	10	36,246
Total functional expenses before allocation of management and general and fund-raising expenses	1,238,116	4,294,602	5,532,718	668,313	682,056	6,883,087
Allocation of management and general and fund-raising expenses	40,738	189,700	230,438	(125,778)	(104,660)	-
Total functional expenses	\$ 1,278,854	\$ 4,484,302	\$ 5,763,156	\$ 542,535	\$ 577,396	\$ 6,883,087

See accompanying notes.

**The Night Ministry and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended June 30,**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 676,689	\$ 2,447,050
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	226,052	243,958
Gain on investments	(153,529)	(72,465)
Noncash contribution of real property	-	(925,000)
Contributions received restricted to the endowment	(80,000)	(779,400)
Loss on sale of real property held for sale	-	232,857
Changes in:		
Receivables	280,543	(483,167)
Prepaid expenses	(22,460)	(78,512)
Security deposits	-	4,160
Accounts payable and accrued expenses	18,122	135,686
Net cash from operating activities	<u>945,417</u>	<u>725,167</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	2,566,090	652,510
Proceeds from real property held for sale	-	692,143
Purchase of investments	(3,751,720)	(1,557,664)
Purchases of property and equipment	(62,242)	(88,555)
Net cash from investing activities	<u>(1,247,872)</u>	<u>(301,566)</u>
Cash flows from financing activities - contributions received restricted to the endowment	580,000	279,400
Net change in cash and cash equivalents	277,545	703,001
Cash and cash equivalents, beginning of the year	<u>1,761,336</u>	<u>1,058,335</u>
Cash and cash equivalents, end of the year	<u>\$ 2,038,881</u>	<u>\$ 1,761,336</u>

See accompanying notes.

The Night Ministry and Subsidiaries Notes to the Consolidated Financial Statements

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 five nights a week and some daytime hours, through four youth housing programs, outreach professionals who provide services on the street at night, and community-based case management services. 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 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".

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 Vice President of Operations of TNM is the Executive Director of AMO. Significant intercompany 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 create 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).

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 2018 and 2017, management estimates the Organization received approximately 31,000 and 28,000 hours of volunteer services valued at approximately \$1,029,000 and \$788,000, respectively.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Donated Materials – 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 reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization received approximately \$364,000 and \$222,000 of donated goods and materials during fiscal years 2018 and 2017, 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.

Contributions With Restrictions Met in the Same Year – Contributions received with donor imposed restrictions that are met in the same year as received are reported as unrestricted revenues. This is true even when the promise to give and receipt occur during the same year.

Cash and Cash Equivalents – Cash and cash equivalents are comprised of demand deposits, money market funds, and certificates of deposit or commercial paper with original maturities of three months or less.

Investments and Assets Invested for Endowment Purposes – Investments in certificates of deposit, money market funds, 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.

Property and Equipment – Property and equipment are stated at cost or estimated fair 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 and software, 5 years; furniture and fixtures, 7 years; vehicles, 5 years. Leasehold improvements are stated at cost or estimated fair value if donated. Amortization is provided on a straight-line basis over the term of the lease.

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 Organization disburses cash to third-party vendors for payments to purchase property and equipment that would comply with the purpose of the restricted support. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Grants, Contributions, and Bequests – The Organization has established procedures to ensure that provisions contained in gift instruments and grant agreements are complied with as is required by its various funding sources.

Use of 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 and it is reasonably possible that the recorded amounts or related disclosures could significantly change in the near future as new information becomes available.

Certain significant estimates used in the preparation of these financial statements include the fair value of investments, establishing no reserve for contributions receivable and government receivables, and the determination of useful lives of property and equipment. These estimates are based on quoted prices for similar assets in an active market for investments, and management's past experience with regard to the reserve for receivables and useful life determinations.

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.

Concentrations – The Organization relies heavily on governmental agencies, public and private foundations, and individuals in the Chicagoland area to provide funding for its programs. In the year ended June 30, 2018, the Organization received support from three non-governmental donors totaling \$2,000,000. In the year ended June 30, 2017, the Organization received support from three non-governmental donors totaling \$3,125,000. The Organization's grant revenue from governmental agencies as show on the statement of activities is from two Federal governmental agencies, one agency in the State of Illinois, and the City of Chicago.

Reclassifications – Certain reclassifications have been made to the financial statements for the year ended June 30, 2017, to conform with the current year presentation. The reclassifications had no effect on the change in net assets for the year ended June 30, 2017.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

3. Government Receivables

Government receivables consist of amounts due from various governmental agencies for services performed under grant agreements. Government receivables are expected to be collected in one year or less and are recorded at net realizable value. Based on past history, management believes all government receivables are collectible in full. Government receivables are due from the following agencies at June 30:

	2018	2017
Agencies of the State of Illinois	\$ 9,801	\$ 83,924
Agencies of the City of Chicago	113,527	248,567
U.S. Department of Health and Human Services	57,335	74,401
U.S. Department of Housing and Urban Development	20,298	92,231
	\$ 200,961	\$ 499,123

4. 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. Based on past history, management believes all contributions receivable are collectible in full.

The Organization has unconditional promises to give totaling \$653,750 at June 30, 2018 (\$1,102,675 at June 30, 2017, of which \$500,000 was donor-restricted for TNM's endowment). All unconditional promises to give are expected to be received during the year ended June 30, 2019.

The balance of contributions receivable includes a \$400,000 promise to give from a private foundation at June 30, 2018, and \$800,000 from another private foundation at June 30, 2017. \$300,000 of the \$800,000 unconditional promise to give from June 30, 2017, remains in contributions receivable at June 30, 2018, and is restricted for one of the Organization's programs to move their offices to a new location.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

5. Investments, Assets Invested for Endowment Purposes, 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 measurement) 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:

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

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.

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, 2018 and 2017.

Certificates of Deposit – Valued based on quoted prices for similar assets in an active market if the original term of the certificate is greater than three months. If the original term of the certificate is less than three months, it is recorded as a cash equivalent.

Money Market Funds, Mutual Funds, and Exchange-Traded Funds (ETFs) – Valued using quoted prices in active markets.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

5. Investments, Assets Invested for Endowment Purposes, and Fair Value Measurements (cont'd)

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 Organization's investments are presented on the statement of financial position as both investments and assets invested for endowment purposes. The following details investments as presented on the statement of financial position at June 30:

	2018	2017
Investments	\$ 400,000	\$ 200,000
Assets invested for endowment purposes	2,845,252	1,706,093
	\$ 3,245,252	\$ 1,906,093

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

Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 400,000	\$ -	\$ 400,000
Money market funds	11,083	-	-	11,083
Mutual funds	1,104,763	-	-	1,104,763
Exchange traded funds	1,729,406	-	-	1,729,406
	\$ 2,845,252	\$ 400,000	\$ -	\$ 3,245,252

Assets at Fair Value as of June 30, 2017				
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 200,000	\$ -	\$ 200,000
Mutual funds	672,414	-	-	672,414
Exchange traded funds	1,033,679	-	-	1,033,679
	\$ 1,706,093	\$ 200,000	\$ -	\$ 1,906,093

Investment income for the year ended June 30, 2018, consisted of interest and dividends of \$52,145 and gains of \$153,529 (\$16,866 of interest and dividends, \$72,465 of gains for the year ended June 30, 2017).

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

5. Investments, Assets Invested for Endowment Purposes, and Fair Value Measurements (cont'd)

During the year ended June 30, 2017, AMO received a contribution of real property with an appraised value of \$925,000. Once the property was conveyed, AMO held the property for sale. The property sold during the year ended June 30, 2017, for a sales price net of costs to sell of \$692,143 resulting in a loss on the sale of the property of \$232,857.

6. Property and Equipment

At June 30, 2018 and 2017, the cost and accumulated depreciation and amortization for property and equipment were as follows:

	2018	2017
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	3,117,390	3,103,586
Building improvements – Lakeview Shelter	544,745	539,630
Equipment	1,458,294	1,448,170
Furniture and fixtures	233,651	206,038
Vehicles	919,252	919,252
Software	62,171	62,171
Leasehold improvements	428,048	422,462
	7,429,148	7,366,906
Less accumulated amortization	420,058	418,049
Less accumulated depreciation	4,279,255	4,055,212
	\$ 2,729,835	\$ 2,893,645

Depreciation expense charged to operations for the fiscal years ended June 30, 2018 and 2017, totaled \$224,043 and \$241,212, respectively. Amortization expense charged to operations for the fiscal years ended June 30, 2018 and 2017, totaled \$2,009 and \$2,746, respectively.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

7. Lease Commitments

The Organization leases office space at 4711 North Ravenswood Avenue and a program facility, storage facilities, and parking space in the Ravenswood neighborhood area under various operating leases that expire at various dates through December 31, 2019. The Organization has an option to extend the 4711 North Ravenswood Avenue lease through December 31, 2021, at an amount to be determined no later than December 31, 2018.

In addition, the Organization leases office and program equipment through rental agreements that expire at various dates through September 2023.

Future fiscal year minimum lease obligations under these agreements as of June 30, 2018, are as follows:

	Facilities, Storage Space, and Parking Space	Equipment	Total
2019	\$ 151,047	\$ 18,122	\$ 169,169
2020	88,022	17,965	105,987
2021	-	7,098	7,098
2022	-	3,528	3,528
2023	-	588	588
	<u>\$ 239,069</u>	<u>\$ 47,301</u>	<u>\$ 286,370</u>

Total charges to operations for rental expense during the fiscal years ended June 30, 2018 and 2017, amounted to \$227,808 and \$225,567, respectively.

In addition to the above leases, AMO leases facilities to TNM needed to run TNM's programs. The leases are generally renewed annually for one-year periods coinciding with the fiscal years of TNM and AMO. Total rental income for AMO and rent expense for TNM, which has been eliminated on a consolidated basis, was \$415,115 for the year ended June 30, 2018 (\$324,624 for the year ended June 30, 2017).

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

8. Net Assets Designated by the Board of Directors

The Board has established a Board designated endowment fund to be retained and invested for a long but unspecified period for the general charitable purposes of the Organization and has been classified as a component of unrestricted net assets. The balance of the Board designated endowment fund was \$1,329,957 at June 30, 2018 (\$877,530 at June 30, 2017).

9. Temporarily Restricted Net Assets

Temporarily restricted net assets were attributable to the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
Outreach health services	\$ 593,175	\$ 703,803
Interim shelters	129,351	304,610
Staff development	-	40,000
Website	20,000	20,000
Space planning and program capital	337,608	237,609
Performance measurement	-	100,000
	<u>1,080,134</u>	<u>1,406,022</u>
Total purpose restrictions		
Donor-restricted endowment investment income	154,055	47,323
Future periods	465,000	205,000
	<u>1,699,189</u>	<u>1,658,345</u>
Total temporarily restricted		

10. Endowments

Permanently restricted net assets consist of the corpus of donor-restricted contributions to TNM's endowment. TNM's endowment includes a donor-restricted endowment fund and a fund designated by TNM's Board of Directors to function as an endowment. These endowment funds have been established for providing TNM with income to be used to fund the general charitable purposes of the Organization. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, including those designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

10. Endowments (cont'd)

With respect to donor-restricted endowment funds, when a donor expresses clear intent in written documentation, state law requires the Organization to follow the donor's instructions. When a donor's intent is not explicitly expressed, applicable legislation directs the charity to spend an amount that is prudent and consistent with the donation's purpose, consider the donor's intent that the fund continue in perpetuity, and invest and spend in a prudent manner.

TNM's overall investment objective for its endowment is to preserve the "real" value of the underlying assets of the endowment after expenses, inflation, and appropriations combined with long-term growth through capital appreciation in order to support TNM in perpetuity. TNM's investment policy is designed to preserve the purchasing power of the endowment as well as to balance TNM's present needs with those of the future. To achieve this, TNM invests its endowment funds in a mutual fund and an exchange traded fund to maximize total return consistent with prudent risk limitations. Over time, TNM expects the underlying assets of the endowment to achieve a long-term compound return to exceed the annual spending objective plus the rate of inflation. Actual returns in any given year may vary from that amount. TNM has adopted an endowment spending policy. Under the spending policy, there are to be no appropriations of endowment funds until the aggregate donor-restricted and Board designated endowment exceed \$5,000,000. Once the endowment reaches \$5,000,000, the annual spending objective is 5.0% of the three-year moving average of the fair value of the endowment's underlying assets.

The underlying assets of TNM's endowment, which includes both donor-restricted and Board designated endowment funds consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Contributions receivable intended for the endowment	\$ -	\$ 500,000
Assets invested for endowment purposes	<u>2,845,252</u>	<u>1,706,093</u>
Total underlying assets of the endowment	<u>\$ 2,845,252</u>	<u>\$ 2,206,093</u>

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

10. Endowments (cont'd)

The activity in TNM's endowment funds is as follows:

	Unrestricted, Board Designated	Donor Restricted Endowment			Total Endowment Funds
		Unrestricted, Undesignated	Temporarily Restricted	Permanently Restricted	
Balance, June 30, 2016	\$ 159,611	\$ -	\$ 5,750	\$ 201,840	\$ 367,201
Contributions and designations	673,893	-	-	1,079,400	1,753,293
Investment income:					
Gain	37,819	-	33,817	-	71,636
Interest and dividends	6,207	-	7,756	-	13,963
Balance, June 30, 2017	877,530	-	47,323	1,281,240	2,206,093
Contributions and designations	356,811	-	-	80,000	436,811
Investment income:					
Gain	72,703	-	80,826	-	153,529
Interest and dividends	22,913	-	25,906	-	48,819
Balance, June 30, 2018	\$ 1,329,957	\$ -	\$ 154,055	\$ 1,361,240	\$ 2,845,252

Reclassification of Net Assets – In fiscal 2017, AMO made contributions restricted to TNM's endowment. Since these amounts are eliminated in the consolidation of TNM and AMO, and AMO's net assets are generally considered to be part of consolidated unrestricted net assets, a reclassification of net assets was necessary to reflect the restriction placed on these contributions by AMO. Accordingly, the amount of the contribution restricted for the endowment by AMO of \$300,000 was reclassified from unrestricted net assets to permanently restricted net assets.

11. Retirement Plan

The Organization has provided for a qualified defined contribution retirement plan under Section 401(k) with salary deferral provisions which was established January 1, 2008. Under the Plan, all employees of The Night Ministry at the date of hire are eligible to participate for purposes of salary deferrals and employer discretionary contributions.

Employees are eligible for matching contributions on either January 1 or July 1 immediately following when an employee has completed one year or 1,000 hours of service as defined in the Plan document. Matching contributions by The Night Ministry included in employee benefit expenses were \$91,065 for the year ended June 30, 2018 (\$87,540 for the year ended June 30, 2017).

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

12. 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, 2018, amounts maintained in excess of FDIC insured limits or in non FDIC insured money market fund accounts approximated \$1,433,000.

13. Contingency

The Organization has received significant financial assistance from various governmental agencies and foundations under grant agreements. The disbursement of funds received under these agreements generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The Organization's management believes that the Organization is in compliance with the terms and conditions of the grant awards.

14. Income Taxes

TNM and AMO have been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except to the extent of any unrelated business income. TNM and AMO also are classified organizations other than a private foundation under Section 509(a)(2) of the U.S. Internal Revenue Code. Furthermore, AMO is considered by the Internal Revenue Service to be controlled by TNM and, accordingly, is classified as a supporting organization under Section 509(a)(3) of the U.S. Internal Revenue Code. Both TNM and AMO had no unrelated business income and are also exempt from Illinois income tax under state law. Accordingly, no provision for income tax has been established, and contributions to TNM and AMO 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 and AMO are not 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, 2015, filed on the 2014 tax forms.

The Night Ministry and Subsidiaries
Notes to the Consolidated Financial Statements (cont'd)

15. Subsequent Events

Subsequent to year end, TNM signed a lease for 21,800 square feet of a 30,000 square foot facility in Chicago, Illinois, to move their administrative offices, co-locate outreach and health ministry staff and its vehicles, and to move an emergency overnight shelter into the same facility. The lease contains a clause that makes the lease of 6,800 square feet of the 21,800 square feet conditional on receiving a zoning special use permit (Permit) to allow the operation of emergency overnight shelter within 210 days of signing the lease. If TNM is unable to receive the Permit, the conditional portion of the lease will be terminated with written notice from TNM. The lease term commences on November 15, 2018, (Commencement Date) and ends on May 31, 2029. The lease contains an option to extend the lease term five additional years. Minimum annual rent is payable on the first day of the month, beginning six months after the Commencement Date at \$22 per square foot. Rent will increase \$0.50 per square foot each year. TNM will also be responsible for their proportionate share of the taxes and operating expenses.

TNM anticipates the build-out of the leased facility (Project) to cost between \$4,200,000 and \$4,400,000. A portion of the build out cost will be funded by the landlord, as the lease provides for a construction allowance of \$40 per square foot, which would provide for up to \$872,000 of the cost of the build-out costs. TNM also has signed a proposal with a bank to finance a portion of the Project that would provide for a construction line of credit (Line) that would have a twelve-month maturity and would convert to a term loan (Loan). Final terms of the Line, Loan, and related collateral and security are being negotiated at the date of issuance of this report. TNM will finance the Project, including repayment of the Line and Loan, through an ongoing capital campaign, which includes amounts noted as "space planning and program capital" in Note 9. Subsequent to year end, contributions in excess of \$2,100,000 have been received by TNM for the capital campaign, excluding the landlord's build-out allowance previously described.

Subsequent to year end, TNM was notified they were awarded grants approximating \$414,000.

The financial statements were available to be issued on December 4, 2018, with subsequent events being evaluated through this date.

The Night Ministry and Subsidiary
Consolidating Statement of Financial Position
June 30, 2018

Assets	<u>The Night Ministry</u>	<u>TNM Asset Management Organization, NFP</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Cash and cash equivalents	\$ 1,675,490	\$ 363,391	\$ -	\$ 2,038,881
Contributions receivable	653,750	-	-	653,750
Government receivables	200,961	-	-	200,961
Miscellaneous receivables	2,997	55,322	(55,322)	2,997
Prepaid expenses	142,803	104	-	142,907
Security deposits	10,000	-	-	10,000
Investments	-	400,000	-	400,000
Property and equipment, net of accumulated depreciation and amortization	202,682	2,527,153	-	2,729,835
Assets invested for endowment purposes	2,845,252	-	-	2,845,252
Total assets	\$ 5,733,935	\$ 3,345,970	\$ (55,322)	\$ 9,024,583
Liabilities and Net Assets				
Liabilities - accounts payable and accrued expenses	\$ 538,493	\$ 3,562	\$ (55,322)	\$ 486,733
Net assets:				
Unrestricted:				
Undesignated for general activities	602,374	815,255	-	1,417,629
Designated by the Board of Directors	1,329,957	-	-	1,329,957
Invested in building and equipment	202,682	2,527,153	-	2,729,835
Total unrestricted	2,135,013	3,342,408	-	5,477,421
Temporarily restricted:				
Purpose	1,234,189	-	-	1,234,189
Future periods	465,000	-	-	465,000
Total temporarily restricted	1,699,189	-	-	1,699,189
Permanently restricted net assets	1,361,240	-	-	1,361,240
Total net assets	5,195,442	3,342,408	-	8,537,850
Total liabilities and net assets	\$ 5,733,935	\$ 3,345,970	\$ (55,322)	\$ 9,024,583

See accompanying notes.

**The Night Ministry and Subsidiary
Consolidating Statement of Financial Position
June 30, 2017**

Assets	<u>The Night Ministry</u>	<u>TNM Asset Management Organization, NFP</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Cash and cash equivalents	\$ 1,309,969	\$ 451,367	\$ -	\$ 1,761,336
Contributions receivable	602,675	-	-	602,675
Government receivables	499,123	-	-	499,123
Miscellaneous receivables	36,453	21,691	(21,691)	36,453
Prepaid expenses	120,257	190	-	120,447
Security deposits	10,000	-	-	10,000
Investments	-	200,000	-	200,000
Property and equipment, net of accumulated depreciation and amortization	254,993	2,638,652	-	2,893,645
Contributions receivable restricted for the endowment	500,000	-	-	500,000
Assets invested for endowment purposes	1,706,093	-	-	1,706,093
Total assets	\$ 5,039,563	\$ 3,311,900	\$ (21,691)	\$ 8,329,772
Liabilities and Net Assets				
Liabilities - accounts payable and accrued expenses	\$ 482,231	\$ 8,071	\$ (21,691)	\$ 468,611
Net assets:				
Unrestricted:				
Undesignated for general activities	485,224	665,177	-	1,150,401
Designated by the Board of Directors	877,530	-	-	877,530
Invested in building and equipment	254,993	2,638,652	-	2,893,645
Total unrestricted	1,617,747	3,303,829	-	4,921,576
Temporarily restricted:				
Purpose	1,406,022	-	-	1,406,022
Future periods	252,323	-	-	252,323
Total temporarily restricted	1,658,345	-	-	1,658,345
Permanently restricted net assets	1,281,240	-	-	1,281,240
Total net assets	4,557,332	3,303,829	-	7,861,161
Total liabilities and net assets	\$ 5,039,563	\$ 3,311,900	\$ (21,691)	\$ 8,329,772

See accompanying notes.

**The Night Ministry and Subsidiary
Consolidating Statement of Activities
For the Year Ended June 30, 2018**

	The Night Ministry			Total	TNM Asset Management Organization, NFP	Eliminations	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted				
Revenues:							
Public support:							
Grants, contributions and bequests	\$ 3,650,927	\$ 2,026,504	\$ 80,000	\$ 5,757,431	\$ 7,500	\$ -	\$ 5,764,931
Board designated grants and contributions	600,000	-	-	600,000	-	-	600,000
Grants from government agencies	1,610,008	-	-	1,610,008	-	-	1,610,008
Special events (net of direct costs of \$165,945)	397,676	-	-	397,676	-	-	397,676
Other income:							
Investment income	98,543	106,732	-	205,275	399	-	205,674
Rental income	-	-	-	-	415,115	(415,115)	-
Fee income	684	-	-	684	-	-	684
Net assets released from restriction:							
Satisfaction of time restrictions	255,000	(255,000)	-	-	-	-	-
Satisfaction of purpose restrictions	1,837,392	(1,837,392)	-	-	-	-	-
Total revenues	8,450,230	40,844	80,000	8,571,074	423,014	(415,115)	8,578,973
Expenses:							
Program services:							
Outreach and health ministry	1,399,143	-	-	1,399,143	-	-	1,399,143
Shelter programs	5,070,557	-	-	5,070,557	380,570	(415,115)	5,036,012
Total program services	6,469,700	-	-	6,469,700	380,570	(415,115)	6,435,155
Management and general	666,527	-	-	666,527	3,865	-	670,392
Fund-raising	796,737	-	-	796,737	-	-	796,737
Total expenses	7,932,964	-	-	7,932,964	384,435	(415,115)	7,902,284
Change in net assets	517,266	40,844	80,000	638,110	38,579	-	676,689
Net assets, beginning of the year	1,617,747	1,658,345	1,281,240	4,557,332	3,303,829	-	7,861,161
Net assets, end of the year	\$ 2,135,013	\$ 1,699,189	\$ 1,361,240	\$ 5,195,442	\$ 3,342,408	\$ -	\$ 8,537,850

See accompanying independent auditor's report.

**The Night Ministry and Subsidiary
Consolidating Statement of Activities
For the Year Ended June 30, 2017**

	The Night Ministry			Total	TNM Asset Management Organization, NFP	Eliminations	Consolidated Total
	Unrestricted	Temporarily Restricted	Permanently Restricted				
Revenues:							
Public support:							
Grants, contributions and bequests	\$ 3,690,293	\$ 2,393,357	\$ 779,400	\$ 6,863,050	\$ 925,000	\$ (992,028)	\$ 6,796,022
Board designated grants and contributions	600,000	-	-	600,000	-	-	600,000
Grants from government agencies	1,638,769	-	-	1,638,769	-	-	1,638,769
Special events (net of direct costs of \$148,187)	435,513	-	-	435,513	-	-	435,513
Other income:							
Investment income	45,865	41,573	-	87,438	1,893	-	89,331
Loss on real property held for sale	-	-	-	-	(232,857)	-	(232,857)
Rental income	-	-	-	-	324,624	(324,624)	-
Fee income	3,359	-	-	3,359	-	-	3,359
Reclassification of net assets	(300,000)	-	300,000	-	-	-	-
Net assets released from restriction:							
Satisfaction of time restrictions	242,500	(242,500)	-	-	-	-	-
Satisfaction of purpose restrictions	1,446,309	(1,446,309)	-	-	-	-	-
Total revenues	7,802,608	746,121	1,079,400	9,628,129	1,018,660	(1,316,652)	9,330,137
Expenses:							
Program services:							
Outreach and health ministry	1,278,854	-	-	1,278,854	-	-	1,278,854
Shelter programs	4,477,655	-	-	4,477,655	1,323,299	(1,316,652)	4,484,302
Total program services	5,756,509	-	-	5,756,509	1,323,299	(1,316,652)	5,763,156
Management and general	538,465	-	-	538,465	4,070	-	542,535
Fund-raising	577,396	-	-	577,396	-	-	577,396
Total expenses	6,872,370	-	-	6,872,370	1,327,369	(1,316,652)	6,883,087
Change in net assets	930,238	746,121	1,079,400	2,755,759	(308,709)	-	2,447,050
Net assets, beginning of the year	687,509	912,224	201,840	1,801,573	3,612,538	-	5,414,111
Net assets, end of the year	\$ 1,617,747	\$ 1,658,345	\$ 1,281,240	\$ 4,557,332	\$ 3,303,829	\$ -	\$ 7,861,161

See accompanying independent auditor's report.

The Night Ministry and Subsidiary
Consolidating Statement of Functional Expenses
For the Year Ended June 30, 2018

	The Night Ministry					TNM Asset Management Organization, NFP			Eliminations - Shelter Programs	Consolidated Total	
	Outreach and Health Ministry	Shelter Programs	Total Program Services	Management and General	Fund- raising	Total	Shelter Porgrams	Management and General			Total
Salaries	\$ 810,553	\$ 2,972,731	\$ 3,783,284	\$ 205,191	\$ 443,489	\$ 4,431,964	\$ -	\$ -	\$ -	\$ 114,199	\$ 4,546,163
Employee benefits and payroll taxes	167,281	848,889	1,016,170	81,296	119,584	1,217,050	-	-	-	-	1,217,050
Total salaries and related expense	977,834	3,821,620	4,799,454	286,487	563,073	5,649,014	-	-	-	114,199	5,763,213
Bank charges	-	-	-	30,464	-	30,464	-	65	65	-	30,529
Consulting fees	14,250	6,760	21,010	31,298	150,371	202,679	-	-	-	-	202,679
Depreciation and amortization	72,669	10,998	83,667	6,537	3,884	94,088	131,964	-	131,964	-	226,052
Dues, books and subscriptions	15,834	31,533	47,367	41,047	5,535	93,949	105	54	159	-	94,108
Equipment leasing	1,594	18,062	19,656	3,358	-	23,014	-	-	-	-	23,014
Grants to other organizations	-	36,063	36,063	-	-	36,063	-	-	-	-	36,063
Insurance	31,897	38,892	70,789	19,638	4,784	95,211	17,127	1,251	18,378	-	113,589
Kitchen supplies	12,500	138,371	150,871	8,776	-	159,647	1,616	-	1,616	-	161,263
Miscellaneous expense	114	191	305	609	2,096	3,010	-	-	-	-	3,010
Occupancy	48,925	486,174	535,099	65,158	33,648	633,905	42,738	-	42,738	(415,115)	261,528
Office supplies	2,072	32,976	35,048	16,920	1,018	52,986	300	-	300	-	53,286
Postage and shipping	232	223	455	2,994	19,090	22,539	-	7	7	-	22,546
Printing	385	1,174	1,559	3,236	30,006	34,801	-	-	-	-	34,801
Professional fees	2,775	3,052	5,827	69,447	10,800	86,074	90,158	2,300	92,458	(90,158)	88,374
Program and medical supplies expense	44,622	25,166	69,788	3,503	2,185	75,476	-	-	-	-	75,476
Public relations	360	1,477	1,837	667	22,288	24,792	-	-	-	-	24,792
Repairs and maintenance	36,542	78,533	115,075	84,302	23,535	222,912	96,562	53	96,615	(24,041)	295,486
Specific assistance	5,190	47,725	52,915	-	-	52,915	-	-	-	-	52,915
Staff/volunteer street expenses	22,913	25,928	48,841	54,144	11,833	114,818	-	135	135	-	114,953
Telephone	8,220	61,969	70,189	28,962	720	99,871	-	-	-	-	99,871
Travel	6,444	13,355	19,799	35,709	1,853	57,361	-	-	-	-	57,361
Vehicle expenses	58,652	8,426	67,078	124	173	67,375	-	-	-	-	67,375
Total functional expenses before allocation of management and general and fund-raising expenses	1,364,024	4,888,668	6,252,692	793,380	886,892	7,932,964	380,570	3,865	384,435	(415,115)	7,902,284
Allocation of management and general and fund-raising expenses	35,119	181,889	217,008	(126,853)	(90,155)	-	-	-	-	-	-
Total functional expenses	\$ 1,399,143	\$ 5,070,557	\$ 6,469,700	\$ 666,527	\$ 796,737	\$ 7,932,964	\$ 380,570	\$ 3,865	\$ 384,435	\$ (415,115)	\$ 7,902,284

See accompanying independent auditor's report.

**The Night Ministry and Subsidiary
Consolidating Statement of Functional Expenses
For the Year Ended June 30, 2017**

	The Night Ministry					TNM Asset Management Organization, NFP			Eliminations - Shelter Programs	Consolidated Total	
	Outreach and Health Ministry	Shelter Programs	Total Program Services	Management and General	Fund- raising	Total	Shelter Programs	Management and General			Total
Salaries	\$ 701,497	\$ 2,608,915	\$ 3,310,412	\$ 177,960	\$ 306,011	\$ 3,794,383	\$ -	\$ -	\$ -	\$ 62,205	\$ 3,856,588
Employee benefits and payroll taxes	144,015	798,911	942,926	56,909	74,903	1,074,738	-	-	-	-	1,074,738
Total salaries and related expense	845,512	3,407,826	4,253,338	234,869	380,914	4,869,121	-	-	-	62,205	4,931,326
Bank charges	-	-	-	25,325	-	25,325	-	40	40	-	25,365
Consulting fees	1,000	3,451	4,451	7,026	132,333	143,810	-	-	-	-	143,810
Depreciation and amortization	76,773	8,013	84,786	8,371	5,801	98,958	145,000	-	145,000	-	243,958
Dues, books and subscriptions	13,052	23,169	36,221	36,246	7,829	80,296	-	30	30	-	80,326
Equipment leasing	1,160	9,326	10,486	2,878	4	13,368	-	-	-	-	13,368
Grants to other organizations	-	42,897	42,897	-	-	42,897	992,028	-	992,028	(992,028)	42,897
Insurance	37,576	36,047	73,623	17,950	5,393	96,966	17,361	1,176	18,537	-	115,503
Kitchen supplies	8,766	92,769	101,535	5,511	-	107,046	-	-	-	-	107,046
Miscellaneous expense	107	349	456	1,773	22,558	24,787	-	-	-	-	24,787
Occupancy	75,698	388,856	464,554	44,527	27,541	536,622	31,613	-	31,613	(324,624)	243,611
Office supplies	2,944	15,113	18,057	12,858	588	31,503	-	238	238	-	31,741
Postage and shipping	385	192	577	2,723	20,084	23,384	-	-	-	-	23,384
Printing	1,087	909	1,996	3,461	45,823	51,280	-	-	-	-	51,280
Professional fees	1,910	10,921	12,831	56,140	5,000	73,971	49,702	2,200	51,902	(46,351)	79,522
Program and medical supplies expense	44,020	26,609	70,629	402	84	71,115	-	-	-	-	71,115
Public relations	1,537	1,440	2,977	791	5,670	9,438	-	-	-	-	9,438
Repairs and maintenance	31,848	53,244	85,092	97,096	9,918	192,106	87,595	-	87,595	(15,854)	263,847
Specific assistance	3,058	32,944	36,002	-	69	36,071	-	-	-	-	36,071
Staff/volunteer street expenses	49,232	73,572	122,804	38,906	4,185	165,895	-	360	360	-	166,255
Telephone	7,463	41,369	48,832	31,338	710	80,880	-	-	-	-	80,880
Travel	4,574	13,164	17,738	24,589	7,542	49,869	-	26	26	-	49,895
Uncollectible grants	-	-	-	11,416	-	11,416	-	-	-	-	11,416
Vehicle expenses	30,414	5,775	36,189	47	10	36,246	-	-	-	-	36,246
Total functional expenses before allocation of management and general and fund-raising expenses	1,238,116	4,287,955	5,526,071	664,243	682,056	6,872,370	1,323,299	4,070	1,327,369	(1,316,652)	6,883,087
Allocation of management and general and fund-raising expenses	40,738	189,700	230,438	(125,778)	(104,660)	-	-	-	-	-	-
Total functional expenses	\$ 1,278,854	\$ 4,477,655	\$ 5,756,509	\$ 538,465	\$ 577,396	\$ 6,872,370	\$ 1,323,299	\$ 4,070	\$ 1,327,369	\$ (1,316,652)	\$ 6,883,087

See accompanying independent auditor's report.

**The Night Ministry and Subsidiary
Consolidating Statement of Cash Flows
For the Year Ended June 30, 2018**

	The Night Ministry	TNM Asset Management Organization, NFP	Eliminations	Consolidated Total
Cash flows from operating activities:				
Change in net assets	\$ 638,110	\$ 38,579	\$ -	\$ 676,689
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	94,088	131,964	-	226,052
Gain on investments	(153,529)	-	-	(153,529)
Contributions received restricted to the endowment	(80,000)	-	-	(80,000)
Changes in:				
Receivables	280,543	(33,631)	33,631	280,543
Prepaid expenses	(22,546)	86	-	(22,460)
Accounts payable and accrued expenses	56,262	(4,509)	(33,631)	18,122
Net cash from operating activities	812,928	132,489	-	945,417
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	2,366,090	200,000	-	2,566,090
Purchase of investments	(3,351,720)	(400,000)	-	(3,751,720)
Purchases of property and equipment	(41,777)	(20,465)	-	(62,242)
Net cash from investing activities	(1,027,407)	(220,465)	-	(1,247,872)
Cash flows from financing activities - contributions received restricted to the endowment	580,000	-	-	580,000
Net change in cash and cash equivalents	365,521	(87,976)	-	277,545
Cash and cash equivalents, beginning of the year	1,309,969	451,367	-	1,761,336
Cash and cash equivalents, end of the year	\$ 1,675,490	\$ 363,391	\$ -	\$ 2,038,881

See accompanying independent auditor's report.

**The Night Ministry and Subsidiary
Consolidating Statement of Cash Flows
For the Year Ended June 30, 2017**

	The Night Ministry	TNM Asset Management Organization, NFP	Eliminations	Consolidated Total
Cash flows from operating activities:				
Change in net assets	\$ 2,755,759	\$ (308,709)	\$ -	\$ 2,447,050
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	98,958	145,000	-	243,958
Loss (gain) on investments	(72,679)	214	-	(72,465)
Noncash contribution of real property	-	(925,000)	-	(925,000)
Contributions received restricted to the endowment	(1,079,400)	-	300,000	(779,400)
Loss on sale of real property held for sale	-	232,857	-	232,857
Changes in:				
Receivables	(483,167)	(21,691)	21,691	(483,167)
Prepaid expenses	(86,350)	7,838	-	(78,512)
Security deposits	4,160	-	-	4,160
Accounts payable and accrued expenses	152,517	4,860	(21,691)	135,686
Net cash from operating activities	<u>1,289,798</u>	<u>(864,631)</u>	<u>300,000</u>	<u>725,167</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	252,724	399,786	-	652,510
Proceeds from sale of real property held for sale	-	692,143	-	692,143
Purchase of investments	(1,357,664)	(200,000)	-	(1,557,664)
Purchases of property, plant, and equipment	(56,886)	(31,669)	-	(88,555)
Net cash from investing activities	<u>(1,161,826)</u>	<u>860,260</u>	<u>-</u>	<u>(301,566)</u>
Cash flows from financing activities - contributions received restricted to the endowment	<u>579,400</u>	<u>-</u>	<u>(300,000)</u>	<u>279,400</u>
Net change in cash and cash equivalents	707,372	(4,371)	-	703,001
Cash and cash equivalents, beginning of the year	<u>602,597</u>	<u>455,738</u>	<u>-</u>	<u>1,058,335</u>
Cash and cash equivalents, end of the year	<u>\$ 1,309,969</u>	<u>\$ 451,367</u>	<u>\$ -</u>	<u>\$ 1,761,336</u>

See accompanying independent auditor's report.