

**THE SHELTER FOR ABUSED
WOMEN & CHILDREN, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Shelter for Abused Women & Children, Inc.
Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Shelter for Abused Women & Children, Inc. (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2017, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Shelter for Abused Women & Children, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Shelter for Abused Women & Children, Inc.
Naples, FL

INDEPENDENT AUDITOR'S REPORT, continued

Report on Prior Year Summarized Information

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated February 12, 2018 on our consideration of The Shelter for Abused Women & Children, Inc.'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 those reports are 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. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering The Shelter for Abused Women & Children, Inc.'s internal control over financial reporting and compliance.

Rogers Wood Hill Starman & Gustason, P.A.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
Naples, Florida
February 12, 2018

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

(With Comparative Totals for 2016)

ASSETS

	2017				Totals	
	Unrestricted		Temporarily Restricted	Permanently Restricted	2017	2016
	Undesignated	Designated				
Cash and cash equivalents	\$ 71,857	\$ 313,810	\$ -	\$ -	\$ 385,667	\$ 431,021
Investments - Note 3	1,108,461	12,287,844	2,249,268	1,430,431	17,076,004	13,230,571
Investments - other	249,696	-	-	-	249,696	173,529
Grants receivable	520,560	-	-	-	520,560	147,303
SFTS Pledges receivable - Note 6	44,132	-	-	-	44,132	90,054
Rise Campaign pledges receivable - Note 6	-	-	2,395,258	-	2,395,258	-
Other grant and individual pledge receivable	187,893	180,000	340,000	405,070	1,112,963	890,165
Prepaid expenses	85,193	-	-	-	85,193	76,581
Inventory - resale store	196,275	-	-	-	196,275	201,290
Work in progress	-	91,313	-	-	91,313	-
Property and equipment, net - Note 7	-	7,887,264	-	-	7,887,264	8,165,209
Total assets	\$ 2,464,067	\$ 20,760,231	\$ 4,984,526	\$ 1,835,501	\$ 30,044,325	\$ 23,405,723

LIABILITIES AND NET ASSETS

Accounts payable	\$ 44,106	\$ -	\$ -	\$ -	\$ 44,106	\$ 47,621
Accrued expenses	235,042	-	-	-	235,042	247,687
Deposits held and prepaid ticket sales	108,497	-	-	-	108,497	13,879
Long-term debt - Note 8	63,000	-	-	-	63,000	72,000
Total liabilities	450,645	-	-	-	450,645	381,187
Net assets:						
Unrestricted -						
Designated for Beau Venturi House capital improvements	-	97,638	-	-	97,638	97,773
Designated as endowment fund - Note 14	-	12,371,292	-	-	12,371,292	10,451,398
Designated for property and equipment	-	7,887,264	-	-	7,887,264	8,165,209
Designated for capital purchases	-	404,037	-	-	404,037	439,132
Undesignated	2,013,422	-	-	-	2,013,422	1,113,916
Total unrestricted net assets	2,013,422	20,760,231	-	-	22,773,653	20,267,428
Temporarily restricted - Note 13	-	-	4,984,526	-	4,984,526	951,807
Permanently restricted - Note 13 and Note 15	-	-	-	1,835,501	1,835,501	1,805,301
Total net assets	2,013,422	20,760,231	4,984,526	1,835,501	29,593,680	23,024,536
Total liabilities and net assets	\$ 2,464,067	\$ 20,760,231	\$ 4,984,526	\$ 1,835,501	\$ 30,044,325	\$ 23,405,723

The accompanying notes are an integral part of these financial statements.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

	2017				Totals	
	Unrestricted		Temporarily Restricted	Permanently Restricted	2017	2016
	Undesignated	Designated				
REVENUES:						
Support from governmental units	\$ 1,267,420	\$ -	\$ -	\$ -	\$ 1,267,420	\$ 1,186,609
United Way of Collier County	20,000	-	-	-	20,000	80,000
Transitional housing rents	39,121	-	-	-	39,121	35,709
Other public support	874,768	405,140	4,794,847	30,200	6,104,955	3,338,517
Other public support - in kind	226,535	-	-	-	226,535	359,649
Resale store revenue	1,382,792	-	-	-	1,382,792	1,422,909
Fund raising events, net - Note 18	1,109,368	-	-	-	1,109,368	1,710,937
Investment return - Note 5	231,249	1,174,620	-	-	1,405,869	134,119
Total revenues	5,151,253	1,579,760	4,794,847	30,200	11,556,060	8,268,449
Net assets released from designations	313,041	(313,041)	-	-	-	-
Net assets released from restrictions	762,128	-	(762,128)	-	-	-
Total revenues and net assets released from restrictions	6,226,422	1,266,719	4,032,719	30,200	11,556,060	8,268,449
FUNCTIONAL EXPENSES AND RESALE STORE EXPENSES:						
Program services	3,720,367	-	-	-	3,720,367	3,998,747
Supporting services	907,106	-	-	-	907,106	876,462
Total functional expenses	4,627,473	-	-	-	4,627,473	4,875,209
Resale store expenses	359,443	-	-	-	359,443	346,980
Total functional and resale store expenses	4,986,916	-	-	-	4,986,916	5,222,189
INCREASE IN NET ASSETS BEFORE TRANSFERS	1,239,506	1,266,719	4,032,719	30,200	6,569,144	3,046,260
BOARD APPROVED TRANSFERS	(340,000)	340,000	-	-	-	-
INCREASE IN NET ASSETS	899,506	1,606,719	4,032,719	30,200	6,569,144	3,046,260
NET ASSETS - BEGINNING OF YEAR	1,113,916	19,153,512	951,807	1,805,301	23,024,536	19,978,276
NET ASSETS - END OF YEAR	\$ 2,013,422	\$ 20,760,231	\$4,984,526	\$ 1,835,501	\$ 29,593,680	\$ 23,024,536

The accompanying notes are an integral part of these financial statements.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Fund Raising</u>	<u>Administrative</u>	
Salaries and wages	\$ 1,966,368	\$ 383,764	\$ 246,495	\$ 2,596,627
Payroll taxes and employee benefits	424,114	63,127	44,564	531,805
Total salaries and related expenses	<u>2,390,482</u>	<u>446,891</u>	<u>291,059</u>	<u>3,128,432</u>
Advertising	6,910	-	-	6,910
Books, tapes, and subscriptions	347	28	56	431
Client assistance and communittee ed	105,765	887	672	107,324
Client assistance - in kind	226,535	-	-	226,535
Dues and membership	17,902	8,671	4,835	31,408
Insurance	86,419	9,928	13,643	109,990
Immokalee expenses	18,224	-	-	18,224
Miscellaneous	27,756	3,766	42,759	74,281
Postage and printing	23,542	3,368	4,435	31,345
Professional services	47,884	8,667	9,322	65,873
Rent	48,310	-	-	48,310
Repairs and maintenance	147,825	7,625	2,055	157,505
Supplies	45,693	11,373	1,183	58,249
Telephone	41,448	2,721	1,243	45,412
Training and recruiting	24,464	4,028	1,492	29,984
Travel	9,039	3,791	2,271	15,101
Trucking	16,905	-	-	16,905
Utilities	87,742	5,244	1,158	94,144
Volunteer/staff development	12,502	5,244	2,967	20,713
Uncollectible pledges/bad debt	46,799	-	445	47,244
Gain/loss on disposal of asset	1,504	-	-	1,504
Depreciation	286,370	4,797	482	291,649
Total expenses	<u>\$ 3,720,367</u>	<u>\$ 527,029</u>	<u>\$ 380,077</u>	<u>\$ 4,627,473</u>

The accompanying notes are an integral part of these financial statements.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from government units	\$ 894,163	\$ 1,360,485
Cash received from United Way of Collier County	20,000	80,000
Cash received from other public support	3,300,652	2,058,836
Cash received from resale store	1,382,792	1,422,909
Cash received from fund raising	1,265,171	1,671,873
Investment income received	1,405,869	134,119
Cash paid to suppliers and employees	<u>(4,687,736)</u>	<u>(4,907,091)</u>
Net cash provided by operating activities	<u>3,580,911</u>	<u>1,821,131</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(15,202,534)	(12,437,216)
Proceeds from sale of investments	11,357,101	9,270,354
Purchases of property and equipment & work in process	<u>(131,005)</u>	<u>(396,273)</u>
Net cash (used) by investing activities	<u>(3,976,438)</u>	<u>(3,563,135)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for donor-restricted endowment	30,200	1,000
Contributions received for board designated endowment	405,140	1,860,039
Outstanding micro loans for participants	-	2,150
Investments held for deferred compensation	(76,167)	(100,358)
Payments on long term debt	<u>(9,000)</u>	<u>(9,000)</u>
Net cash provided by financing activities	<u>350,173</u>	<u>1,753,831</u>
NET INCREASE/(DECREASE) IN CASH	(45,354)	11,827
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>431,021</u>	<u>419,194</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 385,667</u></u>	<u><u>\$ 431,021</u></u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	\$ 6,569,144	\$ 3,046,260
Depreciation	317,637	276,342
Contributions received for donor-restricted endowment	(30,200)	(1,000)
Contributions received for board designated endowment	(405,140)	(1,860,039)
Changes in assets and liabilities -		
Grants and pledges receivable	(2,945,391)	389,910
Prepaid expenses	(8,612)	8,176
Inventory	5,015	(31,459)
Accounts payable and accrued expenses	<u>78,458</u>	<u>(7,059)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 3,580,911</u></u>	<u><u>\$ 1,821,131</u></u>

The accompanying notes are an integral part of these financial statements.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

(With Selected Information for 2016)

NOTE 1 - ORGANIZATION

The Shelter for Abused Women and Children, Inc. ("The Shelter"), was organized in 1986 for the purpose of providing counseling, shelter, and other services to victims of domestic violence in Collier County, Florida.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Contributions

The Shelter reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

In Kind Contributions

In kind contributions are recorded as contributions at their estimated current value at the date of the contribution. Items contributed to the resale store that had not been sold at the balance sheet date are recorded as inventory at their estimated current value.

Contributed Services

During the years ended June 30, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist The Shelter, but these services do not meet the criteria for recognition as contributed services. The Shelter receives approximately 12,000 volunteer hours per year.

Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. The Shelter establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific donors, historical trends, and other information. The Shelter provides an allowance for pledges receivable when collection is considered doubtful. Management reviews the allowance for doubtful pledges receivable monthly. Accounts balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Inventory - Resale Store

Inventory of contributed resale merchandise at the resale store is carried at their estimated current value.

Investments

Investments in marketable securities are carried at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property and Equipment

Property and equipment is recorded at cost or, if contributed, at the fair value on the date of contribution. Depreciation is provided on the straight-line basis over the estimated useful lives of five to fifteen years for furniture, fixtures and equipment and thirty-nine years for buildings and improvements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, The Shelter considers as cash and cash equivalents all highly liquid investments with an initial maturity of three months or less. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board of Directors for investment.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

(With Selected Information for 2016)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Comparative financial statements and reclassifications

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with The Shelter's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Expense Allocation

The costs of providing program, management, fundraising, and thrift store activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 - INVESTMENTS

	Cost 2017	Fair Market Value 2017
Investments consist of the following:		
Money market accounts	\$ 3,263,777	\$ 3,263,809
Equity securities	7,602,466	10,074,151
Fixed income securities	3,281,779	3,738,044
Total investments	14,148,022	17,076,004
Less: temporarily restricted investments	2,249,268	2,249,268
Less: permanently restricted investments	1,430,431	1,430,431
Unrestricted investments	<u>\$ 10,468,323</u>	<u>\$ 13,396,305</u>
	Cost 2016	Fair Market Value 2016
Investments consist of the following:		
Money market accounts	\$ 1,620,803	\$ 1,620,879
Equity securities	4,999,392	7,498,850
Fixed income securities	3,445,951	3,925,492
Real estate	159,200	185,350
Total investments	10,225,346	13,230,571
Less: temporarily restricted investments	671,807	671,807
Less: permanently restricted investments	1,259,291	1,259,291
Unrestricted investments	<u>\$ 8,294,248</u>	<u>\$ 11,299,473</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The Shelter measures fair value as set forth in the Statement of Financial Accounting Standard FASB ASC 820, "Fair Value Measurements." FASB ASC 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

(With Selected Information for 2016)

NOTE 4 - FAIR VALUE MEASUREMENTS - continued

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that The Shelter has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income securities	\$ 3,738,044	\$ -	\$ 3,738,044	\$ -
Equity securities	10,074,151	10,074,151	-	-
Cash equivalents	3,263,809	3,263,809	-	-
		<u>\$ 13,337,960</u>	<u>\$ 3,738,044</u>	<u>\$ -</u>

NOTE 5 - INVESTMENT RETURN

Investment return is comprised of the following:

	<u>2017</u>	<u>2016</u>
Endowment fund:		
Interest and dividends	\$ 284,990	\$ 224,972
Net investment gains (losses)	1,096,753	(90,156)
Investment return from board-designated endowment fund	<u>1,381,743</u>	<u>134,816</u>
All other sources:		
Interest, dividends and net investment loss	24,126	(697)
Investment return from all other sources	<u>24,126</u>	<u>(697)</u>
Total investment return	<u>\$ 1,405,869</u>	<u>\$ 134,119</u>

NOTE 6 - PLEDGES RECEIVABLE

Pledges consist of unconditional promises to give and are due as follows:

<u>Year ending June 30</u>	<u>SFTS</u>	<u>Rise Campaign</u>	<u>Endowment</u>
2018	\$ 37,782	\$ 1,332,062	\$ 168,010
2019	9,900	1,063,961	127,000
2020	-	30,334	25,000
2021 - 2023	1,000	12,000	100,000
	48,682	\$ 2,438,357	\$ 420,010
Less: unamortized discount	841	43,099	14,940
Less: reserve for uncollectable pledges	3,709	-	-
Total	<u>\$ 44,132</u>	<u>\$ 2,395,258</u>	<u>\$ 405,070</u>

Pledges receivable with due dates extending beyond one year are discounted using three-year U.S. Treasury interest rates.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

(With Selected Information for 2016)

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,812,128	\$ 1,812,128
Building	8,891,664	8,889,865
Leasehold improvements	31,751	31,751
Transportation equipment	114,862	114,862
Furniture and equipment	838,325	800,432
	<u>11,688,730</u>	<u>11,649,038</u>
Less: accumulated depreciation	<u>3,801,466</u>	<u>3,483,829</u>
Total	<u>\$ 7,887,264</u>	<u>\$ 8,165,209</u>

NOTE 8 - LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
Mortgage note payable to Collier County, Florida in annual installments of \$9,000 principal; note is non-interest bearing and is collateralized by a second mortgage on The Shelter property.	<u>\$ 63,000</u>	<u>\$ 72,000</u>

Future maturities of long-term debt at June 30, 2017 are as follows:

Year ending June 30,	
2018	\$ 9,000
2019	9,000
2020	9,000
2021	9,000
2022	9,000
Thereafter	<u>18,000</u>
	<u>\$ 63,000</u>

NOTE 9 - COMMITMENTS

The State of Florida Department of Children and Families has been granted a security interest in The Shelter's property of an amount not less than \$356,394, which it advanced to The Shelter to assist in the construction of the Shelter building. This security interest has been reduced proportionally, and will continue to be reduced proportionally over a twenty year period, which ends in 2022.

NOTE 10 - INCOME TAXES

The Internal Revenue Service has determined that The Shelter is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Shelter is a not-for-profit Florida corporation and, therefore, is not subject to state income taxes. Should The Shelter's tax exempt status be challenged in the future, its 2016, 2015 and 2014 tax years are open for examination by the IRS.

The Shelter has evaluated its tax positions and concluded that The Shelter has taken no uncertain tax positions, therefore no provision for income taxes was necessary for the year ended June 30, 2017.

NOTE 11 - EMPLOYEE RETIREMENT PLAN

The Shelter has adopted a retirement plan under Section 401(k) of the Internal Revenue Code. Employees with three months of service are eligible to make contributions to the plan and to receive matching contributions to be made by The Shelter. The Shelter contributed \$48,804 and \$55,983 to the plan during the years 2017 and 2016, respectively.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

(With Selected Information for 2016)

NOTE 12 - LEASES

On June 1, 2013, The Shelter renewed its agreement to lease space for its Immokalee, Florida office, expiring on May 31, 2018. Terms of the lease call for annual rent of \$47,551 through May 2017, with a increase of 5% for the last year on the lease.

Minimum future annual lease payments under this lease at June 30, 2017 are as follows:

2018	\$ 49,929
	<u>\$ 49,929</u>

NOTE 13 - NET ASSETS

Unrestricted-Designated

A portion of the unrestricted net assets has been designated by the Board of Directors for capital improvements to the Beau Venturi House, other capital purchases and for an endowment fund. All of the designated funds are increased/(decreased) by the investment return.

Temporarily Restricted

Temporarily restricted net assets consist of the funds received for the following purposes:

	<u>2017</u>	<u>2016</u>
Immokalee Emergency Shelter Fund	3,731,964	50,000
Naples Children & Education Foundation	374,175	240,000
Transitional Living	248,728	135,087
Virginia B. Toulmin Foundation Grant	155,000	56,877
Other temporarily restricted funds	474,659	469,843
	<u>\$ 4,984,526</u>	<u>\$ 951,807</u>

Permanently Restricted

Permanently restricted net assets consist of funds contributed by donors to endowment funds. Earnings are to be used to support current programs and expansion and to fund The Shelter's kennel operations. See Note 15 for the change in permanently restricted net assets for fiscal year 2017.

NOTE 14 - BOARD DESIGNATED ENDOWMENT FUND

The Board of Directors had designated a portion of unrestricted net assets as a general endowment fund to support the mission of The Shelter. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported in unrestricted net assets.

The Shelter has a policy of appropriating for distribution each year, if needed, 5% of its board-designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, The Shelter considered the long-term expected investment return on its endowment fund. Accordingly, over the long term, The Shelter expects the current spending policy to allow its general endowment fund to provide a total return that meets or exceeds the withdrawal rate as well as the annual rate of inflation.

To achieve that objective, The Shelter has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make a maximum annual withdrawal of 5% of the three-year average market value of the fund as of June 30th of each year if needed, at the discretion of the Board.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

(With Selected Information for 2016)

NOTE 14 - BOARD DESIGNATED ENDOWMENT FUND - continued

Composition of and changes in endowment net assets for the year ended June 30, 2017, were as follows:

Board-designated endowment net assets, beginning of year	\$ 10,451,398
Endowment contributions	405,140
Investment income - Note 5	1,215,035
Board approved transfer from unrestricted - undesignated funds	340,000
Investment fees	<u>(40,281)</u>
Board-designated endowment net assets, end of year	<u>\$ 12,371,292</u>

NOTE 15 - DONOR RESTRICTED ENDOWMENT FUND

The Shelter's endowment consists of funds established to support current programs and expansion. As required by generally accepted accounting principles, net assets associated with this donor endowment fund are classified and reported in permanently restricted net assets.

The Board of Directors of The Shelter has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Shelter classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Shelter in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, The Shelter considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of The Shelter, and (7) The Shelter's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Shelter has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, The Shelter expects its endowment assets, over time, to produce an average rate of return of approximately 5.8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Shelter has a policy of appropriating for distribution each year a maximum of 5% of the endowment fund's average market value of the prior three-years through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, The Shelter considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Shelter expects the current spending policy to allow its endowment funds to grow at a nominal average rate of .8% annually. This is consistent with The Shelter's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

(With Selected Information for 2016)

NOTE 15 - DONOR RESTRICTED ENDOWMENT FUND - continued

Composition of and changes in endowment net assets for the year ended June 30, 2017 were as follows:

	<u>Endowment</u>	<u>Kennel Fund</u>	<u>Total</u>
Donor-restricted endowment, beginning of year	\$ 1,755,301	\$ 50,000	\$ 1,805,301
Endowment contributions	30,200	-	30,200
Donor-restricted endowment, end of year	<u>\$ 1,785,501</u>	<u>\$ 50,000</u>	<u>\$ 1,835,501</u>

NOTE 16 - CONCENTRATION OF CREDIT RISK

The Shelter places the majority of its interest bearing investments with several major financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The Shelter has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2017, all of The Shelter's deposits were federally insured.

NOTE 17 - DEFERRED COMPENSATION PLAN

The Shelter maintains a deferred compensation plan for certain senior employees. The deferred compensation liability under The Shelter's plan was approximately \$92,000 and \$50,000, as of June 30, 2017 and 2016, respectively.

NOTE 18 - FUND RAISING EVENTS, NET

Fund raising events revenue and expenses consist of the following:

	<u>2017</u>		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net Total</u>
Annual appeal	\$ 66,310	\$ (12,628)	\$ 53,682
Mending Broken Hearts with Hope Luncheon	935,460	(159,421)	776,039
SFTS	50,835	(27,213)	23,622
Men's tailgate	281,525	(39,054)	242,471
Other	38,829	(25,275)	13,554
Net total	<u>\$ 1,372,959</u>	<u>\$ (263,591)</u>	<u>\$ 1,109,368</u>

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 12, 2018, the date the financial statements were available to be issued.

At the end of the fiscal year, management was notified that The Shelter could be the recipient of a final distribution as beneficiary from an estate. However, the amount of the distribution was unable to be determined at that time. In January 2018, the final distribution from the estate was received in the amount of \$468,861.

On September 10, 2017, Hurricane Irma hit Collier County. The Shelter was fortunate to sustain minimal damage. The Shelter's liability insurance was not utilized as damages did not reach 3% of the total insurance coverage.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	Federal CFDA Number	State Contract Number	Expenditures		
			Federal Funds	State Funds	Total Expenditures
United States Department of Health & Human Services -					
Florida Coalition Against Domestic Violence -					
Temporary Assistance for Needy Families	93.558	17-2228	\$ 142,138	\$ -	\$ 142,138
Family Violence Prevention Services	93.671	17-2228	43,618	-	43,618
General Revenue		17-2228	-	113,301	113,301
Domestic Violence Trust Fund		17-2228	-	53,444	53,444
Domestic Violence Trust Fund-Prevention Initiative Project		17-2228	-	20,000	20,000
Total U.S. Department of Health & Human Services pass-through programs			185,756	186,745	372,501
United States Department of Homeland Security -					
Federal Emergency Management Agency -					
Emergency Food & Shelter National Board -					
Emergency Food & Shelter Program	97.024	28-1590-00-010	4,585	-	4,585
Total U.S. Department of Homeland Security & Emergency Food & Shelter pass through programs			4,585	-	4,585
United States Department of Housing and Urban Development -					
Florida Department of Children & Families -					
Collier County, Florida -					
Homeless Assistance Challenge Grant	60.021	HP17A	-	51,612	51,612
Subtotal Homeless Assistance Challenge Grant			-	51,612	51,612
Supportive Housing Program - COC	14.235	FL0295L4D061508	107,795	-	107,795
Subtotal Supportive Housing program			107,795	-	107,795
Community Development Block Grant	14.218	B-02-UC-12-0016	69,593	-	69,593
Subtotal Community Development Block Grant			69,593	-	69,593
Essential Services & Operating Grant	14.231	E-16-UC-12-0024E	86,928	-	86,928
Essential Services & Operating Grant	14.231	E-15-UC-12-0024E	32,146	-	32,146
Subtotal Essential Services & Operating Grant			119,074	-	119,074
Total U.S. Department of Housing & Urban Development pass through programs			296,462	51,612	348,074
United States Department of Justice -					
Florida Office of the Attorney General -					
Victims of Crime Assistance	16.575	V127-14013	49,725	-	49,725
Victims of Crime Assistance	16.575	VOCA-2016	160,488	-	160,488
Subtotal of Victims of Crime Assistance program			210,213	-	210,213
Florida Coalition Against Domestic Violence -					
STOP Violence Against Women Linguistically & Culturally	16.016	17-2228-L&C	135,000	-	135,000
STOP Violence Against Women	16.588	17-2228-CCII	75,842	-	75,842
STOP Violence Against Women (Rural)	16.588	17-2228-RU	72,000	-	72,000
Victims of Crime Assistance (Legal)	16.575	17-2228VOCA-LEGAL	4,526	-	4,526
Victims of Crime Assistance (EJ)	16.575	17-2228VOCA-EJ	27,121	-	27,121
Subtotal STOP Violence Against Women program			314,489	-	314,489
Total U.S. Department of Justice pass through programs			524,702	-	524,702
Total			\$ 1,011,505	\$ 238,357	\$ 1,249,862

Significant Accounting Policies

This schedule has been prepared on the accrual basis.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - JUNE 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, wherein certain type of expenditures are not allowable or are limited as to reimbursement.

ROGERS WOOD HILL STARMAN & GUSTASON

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Shelter for Abused Women & Children, Inc.
Naples, Florida

We have audited, in accordance with the 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, the financial statements of The Shelter for Abused Women & Children, Inc. (a nonprofit organization), which comprise of the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Shelter for Abused Women & Children, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Shelter for Abused Women & Children, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Shelter for Abused Women & Children Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Shelter for Abused Women & Children, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Shelter for Abused Women & Children, Inc.
Page Two

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS, continued

INDEPENDENT AUDITOR'S REPORT, continued

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers Wood Hill Starman & Gustason, P.A.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
Naples, Florida
February 12, 2018

ROGERS WOOD HILL STARMAN & GUSTASON

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Shelter for Abused Women & Children, Inc.
Naples, Florida

Report on Compliance for Each Major Federal Program

We have audited The Shelter for Abused Women & Children, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of The Shelter for Abused Women & Children, Inc.'s major federal programs for the year ended June 30, 2017. The Shelter for Abused Women & Children, Inc.'s major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Shelter for Abused Women & Children Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Shelter for Abused Women & Children, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Shelter for Abused Women & Children, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Shelter for Abused Women & Children, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, Continued

INDEPENDENT AUDITOR'S REPORT, continued

Report on Internal Control over Compliance

Management of The Shelter for Abused Women & Children, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Shelter for Abused Women & Children, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Shelter for Abused Women & Children Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rogers Wood Hill Starman & Gustason, P.A.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
Naples, Florida
February 12, 2018

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statement noted?	None reported

Federal Awards

Internal control over major programs:

Material weakness identified	None reported
Significant deficiencies identified that are not considered to be material weaknesses?	None noted
Type of auditor's report issued on compliance major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.	No

Identification of Major Programs:

Two federal programs or clusters were treated as major programs:

	<u>CFDA No.</u>	<u>Amount</u>
Community Development Block Grant	14.218	\$ 69,593
STOP Violence Against Women Linguistically & Culturally	16.016	\$ 135,000

Dollar threshold used to distinguish between federal governmental assistance Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENTS FINDINGS

1. There are no significant deficiencies, material weaknesses or instance of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
YEAR ENDED JUNE 30, 2017

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings were noted in the 2016 audit.