

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Nine and Twelve-Month Ended September 30, 2016 and December 31, 2015

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

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INDEPENDENT AUDITOR'S REPORT

January 24, 2017

To the Board of Directors
Associated Ministries of Tacoma/Pierce County
Tacoma, Washington

Report on the Financial Statements

I have audited the accompanying financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization) which comprise the statements of financial position as of September 30, 2016 and December 31, 2015, and the related statements of activities, and cash flows for the nine and twelve-month periods 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Ministries of Tacoma/Pierce County as of September 30, 2016 and December 31, 2015, and the changes in its net assets and its cash flows for the nine and twelve-month periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 and schedule of expenditures of federal and state awards on page 14 are presented for purposes of additional analysis and are not required parts of the basic 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 basic 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 my 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*, I have also issued my report dated January 24, 2017 on my consideration of Associated Ministries of Tacoma/Pierce County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Ministries of Tacoma/Pierce County's internal control over financial reporting and compliance.



Mary Jane Dubbs
Certified Public Accountant
University Place, Washington

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and December 31, 2015

| | 2016 | 2015 |
|---|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 265,878 | 138,766 |
| Investments | 72,384 | 140,548 |
| Grants receivable | 556,498 | 416,669 |
| Promises to give, net of allowance of \$0 and \$2,000 | 18,918 | 20,012 |
| Employee receivables | 4,886 | - |
| Trust accounts | 209,242 | 223,856 |
| Prepaid expenses | 11,180 | 9,227 |
| Total current assets | 1,138,986 | 949,078 |
| Building and equipment | | |
| Building | 830,729 | 850,081 |
| Office furniture and equipment | 87,628 | 66,521 |
| Less: accumulated depreciation | (337,066) | (317,935) |
| Total building and equipment | 581,291 | 598,667 |
| Other assets | | |
| Loan cost | 424 | 678 |
| TOTAL ASSETS | 1,720,701 | 1,548,423 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 131,215 | 76,242 |
| Trust accounts payable | 209,242 | 223,856 |
| Current portion of long-term debt | 10,300 | 6,800 |
| Line of credit | 109,000 | 90,000 |
| Total current liabilities | 459,757 | 396,898 |
| Long-term debt | | |
| Loan payable, net of current portion | 227,070 | 227,102 |
| TOTAL LIABILITIES | 686,827 | 624,000 |
| Net assets | | |
| Unrestricted | | |
| Board designated | 133,583 | 130,640 |
| Investment in plant | 581,291 | 598,667 |
| Undesignated | 155,402 | 17,965 |
| Total unrestricted | 870,276 | 747,272 |
| Temporarily restricted | 163,598 | 177,151 |
| TOTAL NET ASSETS | 1,033,874 | 924,423 |
| TOTAL LIABILITIES AND NET ASSETS | 1,720,701 | 1,548,423 |

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF ACTIVITIES
Nine and Twelve-Month Ended September 30, 2016 and December 31, 2015

| | <u>2016 (Nine months)</u> | | | <u>2015 (Twelve months)</u> | | |
|--|---------------------------|---------------------------|------------------|-----------------------------|---------------------------|------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| SUPPORT AND OTHER REVENUES | | | | | | |
| Support: | | | | | | |
| Faith communities | 16,990 | - | 16,990 | 22,652 | - | 22,652 |
| Individuals | 83,519 | - | 83,519 | 104,440 | - | 104,440 |
| Foundations | 64,609 | 71,686 | 136,295 | 90,480 | 48,222 | 138,702 |
| Other support | 62,217 | - | 62,217 | 82,553 | - | 82,553 |
| Special event revenues, net of direct expense of \$26,578 (2015 - \$38,517) | 49,443 | - | 49,443 | 81,448 | - | 81,448 |
| Revenue: | | | | | | |
| Program revenue | 1,808,125 | - | 1,808,125 | 2,122,287 | - | 2,122,287 |
| Interest and dividends | 533 | 758 | 1,291 | 9,440 | - | 9,440 |
| Net unrealized and realized gains/(losses) | | | | | | |
| on long-term investments | 1,368 | 1,974 | 3,342 | (7,964) | - | (7,964) |
| Gain on disposition of assets | 184,594 | - | 184,594 | | | |
| Net assets released from restrictions | 87,971 | (87,971) | - | 132,296 | (132,296) | - |
| TOTAL SUPPORT AND OTHER REVENUES | 2,359,369 | (13,553) | 2,345,816 | 2,637,632 | (84,074) | 2,553,558 |
| EXPENSES | | | | | | |
| Program services | | | | | | |
| Access Point for Housing | 1,024,846 | - | 1,024,846 | 1,238,890 | - | 1,238,890 |
| Housing Assistance & Pass-throughs | 84,794 | - | 84,794 | 145,521 | - | 145,521 |
| Housing & Shelter Services | 388,776 | - | 388,776 | 247,292 | - | 247,292 |
| Foreclosure Housing Counseling | 148,065 | - | 148,065 | 192,676 | - | 192,676 |
| Pierce County Hunger Walk | 21,764 | - | 21,764 | 120,697 | - | 120,697 |
| Payee and Mail Services | 89,275 | - | 89,275 | 104,284 | - | 104,284 |
| Asset Building Coalition | 72,373 | - | 72,373 | 103,490 | - | 103,490 |
| Paint Tacoma/Pierce Beautiful | 90,097 | - | 90,097 | 110,777 | - | 110,777 |
| Community & Interfaith Engagement | 48,687 | - | 48,687 | 98,503 | - | 98,503 |
| Other Programs | 29,572 | - | 29,572 | 53,466 | - | 53,466 |
| Total program services | 1,998,249 | - | 1,998,249 | 2,415,596 | - | 2,415,596 |
| Management and general | 129,956 | - | 129,956 | 182,130 | - | 182,130 |
| Fundraising | 108,160 | - | 108,160 | 128,382 | - | 128,382 |
| TOTAL EXPENSES | 2,236,365 | - | 2,236,365 | 2,726,108 | - | 2,726,108 |
| CHANGES IN NET ASSETS | 123,004 | (13,553) | 109,451 | (88,476) | (84,074) | (172,550) |
| NET ASSETS, BEGINNING OF YEAR | 747,272 | 177,151 | 924,423 | 835,748 | 261,225 | 1,096,973 |
| NET ASSETS, END OF YEAR | 870,276 | 163,598 | 1,033,874 | 747,272 | 177,151 | 924,423 |

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
STATEMENTS OF CASH FLOWS
Nine and Twelve-Month Ended September 30, 2016 and December 31, 2015

| | <u>2016</u> <u>(Nine months)</u> | <u>2015</u> <u>(Twelve months)</u> |
|--|-------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from contributions and public support | 2,038,731 | 2,389,828 |
| Cash paid to suppliers and employees | (2,163,135) | (2,621,789) |
| Interest and dividends income | 1,291 | 6,440 |
| Interests paid | <u>(10,251)</u> | <u>(12,439)</u> |
| Net cash used by operating activities | (133,364) | (237,960) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (50,178) | (8,232) |
| Proceeds from sale of investment | 115,000 | 50,000 |
| Proceeds from sale of property | 200,052 | - |
| Purchase of equipment | <u>(16,612)</u> | <u>-</u> |
| Net cash provided by investing activities | 248,262 | 41,768 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds of contributions from capital campaign | - | 101,276 |
| Repayment of equipment loan | (1,882) | - |
| Repayments on long-term debt | (4,904) | (6,358) |
| Borrowings from line of credit | 279,000 | 411,000 |
| Repayments on line of credit | <u>(260,000)</u> | <u>(321,000)</u> |
| Net cash provided by financing activities | <u>12,214</u> | <u>184,918</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 127,112 | (11,274) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>138,766</u> | <u>150,040</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>265,878</u></u> | <u><u>138,766</u></u> |
| RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Increase in net assets | 109,451 | (172,550) |
| Adjustments to reconcile net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 29,038 | 36,486 |
| Unrealized loss (gain) on investments | 3,342 | 7,964 |
| Gain on sale of property | (184,594) | - |
| Proceeds of capital campaign | - | (101,276) |
| (Increase) decrease in: | | |
| Grant receivable | (139,829) | (76,637) |
| Promise to give | 1,094 | 101,249 |
| Employee receivables | (4,886) | - |
| Prepaid expenses | (1,953) | (2,651) |
| (Decrease) increase in: | | |
| Accounts payable | <u>54,973</u> | <u>(30,545)</u> |
| NET CASH USED BY OPERATING ACTIVITIES | <u><u>(133,364)</u></u> | <u><u>(237,960)</u></u> |

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History of Organization

Associated Ministries of Tacoma/Pierce County (the Organization) was incorporated in the State of Washington on July 22, 1969 as a non-profit Organization. The Organization qualifies as a church controlled organization under Section 3121(w)(3) of the Internal Revenue Code.

Nature of Activities

The Organization is an interfaith organization partnering with congregations, community organizations and government agencies. The Organization mobilizes people of faith and goodwill to engage in community transformation, while also providing direct services to households and individuals in need.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

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

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Value Disclosures

The fair value of financial instruments including cash and cash equivalents, receivables, prepaid expenses, accounts payable and trust accounts approximates the carrying values, principally because of the short maturity of those items.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which ranges from 5 to 40 years.

Loan Costs

Loan costs are amortized on a straight-line method over the life of the related loan.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

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

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization has no unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization is a church controlled organization thus it is not required to file federal information returns.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – FISCAL YEAR CHANGE

Effective the fiscal year beginning October 1, 2016, the organization will change from a calendar year end of December 31 to September 30. A nine month fiscal transition period from January 1, 2016 through September 30, 2016, precedes the start of the new fiscal year cycle. The new fiscal year reflects the natural business cycle of the Organization.

NOTE C – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Program and supporting services included in the accompanying financial statements are:

Program Services:

Access Point for Housing offers a central point of entry for households experiencing homelessness or will be homeless within 72 hours. Households receive resources to secure housing and other needed services.

Housing Assistance & Pass-throughs help homeless people find shelter and those facing eviction find resources to stay in their homes.

Housing & Shelter Services provide expanded services to homeless people through rapid rehousing, temporary shelter in hotels for severe weather and housing programs for youth.

Foreclosure Housing Counseling services works with homeowners in Pierce County who are facing foreclosure and their financial institutions to keep families in their homes whenever feasible for their budget and to assist them with alternative planning when it is not. The services are provided under a grant at no cost to the homeowners.

Pierce County Hunger Walk is an annual event to generate support for the local food banks.

Payee and Mail Services strive to create and maintain support networks for families moving from dependence on welfare to self-sufficiency through employment.

Asset Building Coalition is continually developing programs to give low-income wage-earners the tools they need to control, manage and increase their financial resources.

Paint Tacoma/Pierce Beautiful organizes volunteer crews to paint the homes of low-income seniors and disabled residents.

Community & Interfaith Engagement mobilizes people of faith in Pierce County to engage in education, inspiration, service and advocacy.

Other Programs include those designed to relieve poverty and hunger, eradicate homelessness and assist other critical needs, provide community pastoral care and assistance, prepare for disasters and address a variety of other needs. Since 2014, the Organization also became the fiscal sponsor of the Pierce County Youth Advisory Council, allowing the group to operate under the Organization's tax exemption with its administrative services and general oversight.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES – (Continued)

Management and General:

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization’s program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising:

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, corporations, and faith communities.

NOTE D – INVESTMENTS

The carrying amounts of the investments approximate their fair values, which are determined using quoted market prices in active markets for identical assets (Level 1).

Investments as of September 30, 2016 and December 31, 2015 are as follows:

| | 2016 | 2015 |
|-------------------|--------|---------|
| Equity Securities | 46,630 | 90,371 |
| Bonds | 25,754 | 50,177 |
| | 72,384 | 140,458 |

NOTE E – TRUST ACCOUNTS

The trust accounts are deposit accounts held by the Organization for individuals under Payee and Mail Services program. In Payee and Mail Services, the Organization acts as an agent for the Social Security Administration and the Department of Social and Health Services. The Organization holds and disburses social security funds and welfare funds for individuals that need assistance managing their finances for a minimal fee.

NOTE F – LINE OF CREDIT

The Organization has a revolving line of credit agreement with a bank to borrow up to \$150,000 at the bank’s prime rate plus 1.5%. The interest rates at September 30, 2016 and December 31, 2015 were 5% and 5%, respectively. The Organization is required to pay monthly payments of all accrued unpaid interest. The line of credit is collateralized by substantially all assets of the Organization.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE G – LONG-TERM DEBT

Long-term notes payable at September 30, 2016 and December 31, 2015 consist of the following:

| | 2016 | 2015 |
|--|---------|---------|
| 3.91% bank note secured by substantially all assets of the Organization, requiring 59 monthly payments of \$1,313.94 and one irregular last payment estimated at \$218,754 at maturity on April 15, 2018 | 228,997 | 233,902 |
| 4.89% vendor note secured by equipment, requiring 36 monthly payments of \$307.27, maturing on February 28, 2019 | 8,373 | - |
| Sub-total | 237,370 | 233,902 |
| Less: currently maturing portion | 10,300 | 6,800 |
| Long-term debt | 227,070 | 227,102 |

The maturity of long term debt is as follows:

| <u>Year Ending December 31,</u> | |
|-------------------------------------|---------|
| 2016 | 10,300 |
| 2017 | 225,450 |
| 2018 | 1,620 |
| | 237,370 |

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at September 30, 2016 and December 31, 2015:

| | 2016 | 2015 |
|--|---------|---------|
| Housing & Shelter Services: general activities | 108,755 | 117,859 |
| Other Programs: general activities | 54,843 | 59,292 |
| Total | 163,598 | 177,151 |

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE I – DONATED SERVICES

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the nine and twelve-month ended September 30, 2016 and December 31, 2015, are as follows:

| | <u>2016</u> | <u>2015</u> |
|---|---------------|---------------|
| Asset Building Coalition – Tax return preparation | 29,950 | 36,318 |
| Pierce County Hunger Walk – Promotion | <u>-</u> | <u>3,988</u> |
| Total | <u>29,950</u> | <u>40,306</u> |

In addition, volunteers and interns donated significant hours of services in support of the Organization’s work, which were not recognized in the financial statements because they do not meet the recognition criteria.

NOTE J – PROGRAM REVENUES

Program revenues included in the financial statements for the nine and twelve-month ended September 30, 2016 and December 31, 2015, respectively, were for the following programs:

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|------------------|------------------|
| Access Point for Housing | 1,049,201 | 1,148,121 |
| Housing Assistance & Passthroughs | 52,058 | 114,026 |
| Housing & Shelter Services | 329,733 | 185,793 |
| Foreclosure Housing Counseling | 152,752 | 237,700 |
| Pierce County Hunger Walk | 26,506 | 125,079 |
| Payee and Mail Services | 112,953 | 144,927 |
| Asset Building Coalition | 18,809 | 38,618 |
| Paint Tacoma/Pierce Beautiful | 58,613 | 79,677 |
| Community & Interfaith Engagement | - | 38,346 |
| Other Programs | <u>7,500</u> | <u>10,000</u> |
| Total | <u>1,808,125</u> | <u>2,122,287</u> |

NOTE K – CONCENTRATION OF SUPPORT

The Organization receives approximately 76% and 75% of its revenues from governmental units for the nine and twelve-month ended September 30, 2016 and December 31, 2015, respectively. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization’s programs and activities.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE L – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in banks located in the South Puget Sound. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Also, the Organization maintains cash in deposit accounts with a high credit quality financial institution. The accounts are not federally insured. At September 30, 2016 and December 31, 2015, the Organization had uninsured balances of \$116,079 and \$2,131, respectively.

In addition, the Organization has investments in uninsured mutual funds and common stocks. At September 30, 2016 and December 31, 2015 the balances were \$72,384 and \$140,548, respectively.

NOTE M – DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution pension plan (the Plan) under Section 403(b) of the Internal Revenue Code covering employees that meet specified age and service requirements. The Organization contributes to the Plan 1% of employee wages. Total expenses for the nine and twelve-month ended September 30, 2016 and December 31, 2015 were \$9,943 and \$31,041, respectively.

Clergy employees are covered under various other denominational plans. Contributions made to these denominational pension plans in 2015 totaled \$3,218.

NOTE N – SUBSEQUENT EVENTS

Subsequent events were evaluated through January 24, 2017, which is the date the financial statements were available to be issued. There were no subsequent events that are material to the financial statements.

SUPPLEMENTARY INFORMATION

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
SCHEDULE OF FUNCTIONAL EXPENSES
Nine-Month Ended September 30, 2016
(With Comparative Totals for Twelve-Month Ended 2015)

| | Program | | | | | | | | | | | 2016 (Nine months) | 2015 (Twelve months) | | |
|-------------------------------|--------------------------------|--|----------------------------------|--------------------------------------|------------------------------------|-------------------------------|--------------------------------|---|---|-------------------|------------------------------|--------------------------|----------------------------|---------------------------|------------------|
| | Access Point for Housing | Housing Assistance & Pass- throughs | Housing & Shelter Services | Foreclosure Housing Counseling | Pierce County Hunger Walk | Payee and Mail Services | Asset Building Coalition | Paint Tacoma/ Pierce Beautiful | Community & Interfaith Engagement | Other Programs | Total program services | | | Management and general | Fundraising |
| Assistance | 230,202 | 59,760 | 145,917 | - | - | - | - | - | - | 10,686 | 446,565 | - | - | 446,565 | 398,322 |
| Salaries | 594,432 | 17,316 | 146,007 | 107,821 | 7,747 | 63,069 | 22,827 | 47,327 | 33,140 | 12,477 | 1,052,163 | 87,051 | 67,623 | 1,206,837 | 1,486,755 |
| Benefits | 81,679 | 1,936 | 17,770 | 15,837 | 990 | 8,756 | 2,998 | 5,236 | 4,265 | 1,422 | 140,889 | 10,676 | 8,084 | 159,649 | 220,075 |
| Payroll taxes | 51,545 | 1,500 | 13,158 | 9,534 | 674 | 5,536 | 1,979 | 4,211 | 2,798 | 1,047 | 91,982 | 7,339 | 5,757 | 105,078 | 145,515 |
| Professional expense | 2,896 | 516 | 3,510 | 954 | - | 574 | 35,291 | 704 | 940 | 1,811 | 47,196 | 3,340 | 6,847 | 57,383 | 109,607 |
| Occupancy | 11,090 | 880 | 37,085 | 3,249 | - | 978 | 763 | 969 | 421 | 316 | 55,751 | 4,185 | 1,040 | 60,976 | 87,941 |
| Supplies | 4,524 | 209 | 4,842 | 1,110 | 10,949 | 4,185 | 275 | 26,765 | 4,213 | 506 | 57,578 | 4,392 | 1,003 | 62,973 | 81,795 |
| Telephone and technology | 14,188 | 543 | 2,755 | 1,481 | 12 | 1,181 | 3,702 | 557 | 352 | 193 | 24,964 | 2,547 | 1,363 | 28,874 | 61,580 |
| Travel and training | 8,610 | 271 | 6,982 | 1,498 | 167 | 640 | 1,336 | 1,038 | 1,297 | 223 | 22,062 | 1,506 | 717 | 24,285 | 36,106 |
| Interest | 4,411 | 350 | 1,639 | 647 | - | 389 | 303 | 386 | 168 | 126 | 8,419 | 1,613 | 414 | 10,446 | 12,438 |
| Printing and copying | 4,537 | 164 | 2,012 | 2,798 | 576 | 310 | 1,401 | 954 | 329 | 185 | 13,266 | 1,243 | 6,700 | 21,209 | 22,904 |
| Postage | 981 | 99 | 419 | 825 | 649 | 2,268 | 414 | 573 | 165 | 130 | 6,523 | 303 | 6,605 | 13,431 | 14,608 |
| Depreciation and amortization | 12,262 | 973 | 4,556 | 1,799 | - | 1,081 | 844 | 1,072 | 466 | 350 | 23,403 | 4,485 | 1,150 | 29,038 | 36,486 |
| Insurance | 3,489 | 277 | 2,124 | 512 | - | 308 | 240 | 305 | 133 | 100 | 7,488 | 1,276 | 857 | 9,621 | 11,976 |
| TOTAL EXPENSES | 1,024,846 | 84,794 | 388,776 | 148,065 | 21,764 | 89,275 | 72,373 | 90,097 | 48,687 | 29,572 | 1,998,249 | 129,956 | 108,160 | 2,236,365 | 2,726,108 |

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Nine-Month Ended September 30, 2016**

| <u>Agency Name</u> | <u>CFDA Number</u> | <u>Grant Name/ ID Number</u> | <u>Expenditures</u> |
|--|------------------------|----------------------------------|--------------------------------|
| FEDERAL AWARDS | | | |
| Internal Revenue Services | | | |
| Voluntary Income Tax Assistance | 21.009 | 16VITA0193 | 13,602 |
| Total Internal Revenue Service | | | <u>13,602</u> |
| U.S. Department of Homeland Security | | | |
| Emergency Food and Shelter Program | 97.024 | 33-8914-00 | 4,270 |
| Total U.S. Department of Homeland Security | | | <u>4,270</u> |
| U.S. Department of Housing and Urban Development | | | |
| Pass-through from Impact Capital | | | |
| Community Development | unknown | none | 6,002 |
| Pass-through from City of Tacoma | | | |
| Community Development Block Grant/Entitlement Grant | 14.218 | 20693 | 30,750 |
| Community Development Block Grant/Entitlement Grant | 14.218 | 23721 | 27,863 |
| Total U.S. Department of Housing and Urban Development | | | <u>64,615</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | 82,487 |
| STATE AWARDS | | | |
| Washington Department of Commerce | | | |
| Asset Building Coalition & Voluntary Income Tax Assistance | N/A | S16-32010-001 | 5,207 |
| Total Washington Department of Commerce | | | <u>5,207</u> |
| Washington Housing Finance Commission | | | |
| Foreclosure | N/A | N/A | 153,709 |
| Total Washington Housing Finance Commission | | | <u>153,709</u> |
| Washington Department of Social and Health Services | | | |
| Pass-through from Pierce County Community Connections | | | |
| Disaster Response Care Teams | 97.067 | 103160 | 7,182 |
| Homeless Housing Program | N/A | 103844 | 955,226 |
| Homeless Housing and Assistance Program | N/A | 103844 | 256,454 |
| Emergency Shelter Operations and Maintenance | N/A | 103844 | 68,523 |
| Homeless Housing and Assistance Program | N/A | 103502 | 59,878 |
| Pass-through from City of Tacoma | | | |
| Homeless Housing Program | N/A | 14163 | 74,155 |
| Homeless Housing and Assistance Program | N/A | N/A | 4,756 |
| Total Washington Department of Social and Health Services | | | <u>1,426,174</u> |
| TOTAL EXPENDITURES OF STATE AWARDS | | | <u>1,585,090</u> |
| TOTAL AWARDS | | | <u><u>1,667,577</u></u> |

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of Associated Ministries of Tacoma/Pierce County (the Organization) under programs of the federal and state government. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE C – SUBRECIPIENTS

Of the federal and state expenditures presented in the Schedule, the Organization provided state awards to sub-recipients as follows:

| Sub-recipients | Emergency Shelter Operations and Maintenance |
|------------------------------|--|
| CCS/Phoenix Housing Network | 4,198 |
| CCS/Tacoma Avenue Shelter | 16,125 |
| Helping Hand House | 7,581 |
| Tacoma Rescue Mission | 19,933 |
| YWCA Women’s Support Shelter | 6,053 |
| Total | 53,890 |

**INDEPENDENT AUDITOR'S 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***

January 24, 2017

To the Board of Directors
Associated Ministries of Tacoma/Pierce County
Tacoma, Washington

I have audited, 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, the financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, and cash flows for the nine-month period then ended, and the related notes to the financial statements, and have issued my report thereon dated January 24, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Associated Ministries of Tacoma/Pierce County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Associated Ministries of Tacoma/Pierce County's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 a 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, 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Associated Ministries of Tacoma/Pierce County's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Mary Jane Dubbs
Certified Public Accountant
University Place, Washington