

**SHALOM CENTER OF INTERFAITH  
NETWORK OF KENOSHA COUNTY, INC.**

**FINANCIAL STATEMENTS  
WITH AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Shalom Center of Interfaith Network of Kenosha County, Inc.  
Kenosha, Wisconsin

**Report on the Financial Statements**

We have audited the accompanying financial statements of Shalom Center of Interfaith Network of Kenosha County, Inc. (a nonprofit organization), which comprise the statements of financial position as June 30, 2015 and the related statements of activities and cash flows for the years 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 audits. We conducted our 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 we plan and perform the audits 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 Shalom Center of Interfaith Network of Kenosha County, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and state awards are presented for purposes of additional analysis as required by the *Provider Agency Audit Guide, 1999 revision*, issued by the Wisconsin Departments of Health and Family Services, Workforce Development and Corrections and is not a required part 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 our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### Report on Summarized Comparative Information

We have previously audited Shalom Center of Interfaith Network of Kenosha County, Inc.'s 2014 financial statements, and our report dated March 25, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015 on our consideration of Shalom Center of Interfaith Network of Kenosha County, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Shalom Center of Interfaith Network of Kenosha County, Inc.'s internal control over financial reporting and compliance.

*Trish Folland & Clark, LLC*

Kenosha, Wisconsin  
November 12, 2015

**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**  
(With Comparative Totals for June 30, 2014)

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 268,250	\$ 166,875
Certificates of Deposit	-	255,172
Gift Cards	15,167	-
Unemployment Compensation Reserve	19,031	15,033
Grants Receivable	14,169	14,000
Current Pledges Receivable	70,312	-
Food Supplies & Inventory	220,997	88,500
Prepaid Expenses	15,572	8,556
	<hr/>	<hr/>
Total Current Assets	623,498	548,136
<b>PROPERTY &amp; EQUIPMENT:</b>		
Furniture, Equipment, Buildings & Leasehold Improvements	555,604	544,424
Less: Accumulated Depreciation	(364,344)	(347,542)
	<hr/>	<hr/>
Total Property & Equipment	191,260	196,882
<b>OTHER ASSETS:</b>		
Net Long-Term Pledges Receivable	11,119	-
Investments	55,563	89,581
Loan/Lease Receivable	-	9,126
	<hr/>	<hr/>
Total Other Assets	66,682	98,707
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 881,440</b>	<b>\$ 843,725</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 20,041	\$ 34,670
Accrued Wages	29,751	27,687
Payroll Taxes & Deductions	1,210	1,253
	<hr/>	<hr/>
Total Current Liabilities	51,002	63,610
	<hr/>	<hr/>
<b>NET ASSETS:</b>		
Unrestricted	622,661	621,658
Temporarily Restricted	207,777	158,457
	<hr/>	<hr/>
Total Net Assets	830,438	780,115
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 881,440</b>	<b>\$ 843,725</b>

See Accompanying Notes to Financial Statements.

**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for June 30, 2014)**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>	<u>2014</u>
<b>SUPPORT AND REVENUE:</b>					
Donations	\$ 564,617	\$ 49,320	\$ -	\$ 613,937	\$ 556,977
Bequests	62,500	-	-	62,500	36,550
In-Kind Contributions	2,237,278	2,276	-	2,239,554	847,294
United Way	30,000	-	-	30,000	65,700
Government Grant Revenue	166,538	-	-	166,538	179,211
Other Grant Revenue	48,712	-	-	48,712	67,900
Fundraisers	106,838	-	-	106,838	114,828
Other Revenue	1,072	-	-	1,072	749
Unrealized Gain (Loss)	(6,713)	-	-	(6,713)	16,511
Interest & Dividend Income	8,877	-	-	8,877	2,276
Net Assets Released From Restrictions	2,276	(2,276)	-	-	-
<b>Total Support and Revenue</b>	<b>3,221,995</b>	<b>49,320</b>	<b>-</b>	<b>3,271,315</b>	<b>1,887,996</b>
<b>EXPENSES:</b>					
Program Services ---					
Soup Kitchen	118,765	-	-	118,765	118,091
Family Shelters	295,079	-	-	295,079	284,124
INNS	225,911	-	-	225,911	240,838
Food Pantry	2,346,350	-	-	2,346,350	1,071,890
<b>Total Program Services</b>	<b>2,986,105</b>	<b>-</b>	<b>-</b>	<b>2,986,105</b>	<b>1,714,943</b>
Supporting Services ---					
Management and General	203,735	-	-	203,735	144,017
Fundraising & Development	31,152	-	-	31,152	31,442
<b>Total Supporting Services</b>	<b>234,887</b>	<b>-</b>	<b>-</b>	<b>234,887</b>	<b>175,459</b>
<b>TOTAL EXPENSES</b>	<b>3,220,992</b>	<b>-</b>	<b>-</b>	<b>3,220,992</b>	<b>1,890,402</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,003</b>	<b>49,320</b>	<b>-</b>	<b>50,323</b>	<b>(2,406)</b>
<b>NET ASSETS, BEGINNING</b>	<b>621,658</b>	<b>158,457</b>	<b>-</b>	<b>780,115</b>	<b>782,521</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 622,661</b>	<b>\$ 207,777</b>	<b>\$ -</b>	<b>\$ 830,438</b>	<b>\$ 780,115</b>

See Accompanying Notes to Financial Statements.

SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHIA COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015  
(With Comparative Totals for June 30, 2014)

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL	2014
	SOUP KITCHEN	FAMILY SHELTERS	INNS	FOOD PANTRY	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT		
Salaries	65,600	180,812	132,848	103,708	482,968	128,825	-	128,825	611,793
Fringe Benefits	20,705	43,597	19,479	38,399	122,180	19,274	-	19,274	141,454
Payroll Taxes	5,865	16,036	19,065	8,305	49,271	13,518	-	13,518	62,789
Bad Debts	-	-	-	-	-	-	-	-	-
Bank Charges	74	581	292	76	1,023	625	13	638	1,661
Building Expenses	-	1,677	1,065	575	3,317	7,542	-	7,542	7,542
Client Expenses	-	5,212	2,677	1,514	10,011	4,748	-	4,748	3,317
Computer Expenses	608	-	-	2,109,790	2,109,846	-	-	-	14,759
Consumables	56	3,520	3,342	5,432	14,055	2,747	-	2,747	12,981
Depreciation	1,761	846	423	210	1,585	761	-	761	830,795
Dues & Subscriptions	106	594	-	-	594	-	-	-	15,943
Education & Training	-	-	-	-	-	-	-	-	3,101
Fundraising Expense	-	-	-	-	-	-	26,512	26,512	2,346
Insurance	3,974	8,660	3,646	4,947	21,227	7,820	-	7,820	594
Laundry	-	-	18,486	-	18,486	-	-	-	29,268
Miscellaneous	16	250	752	125	1,143	15	-	15	32,173
Office Expense	333	770	562	334	1,999	72	78	150	22,935
Outside Services	631	1,894	1,263	631	4,419	1,894	-	1,894	1,158
Postage	563	1,710	1,137	563	3,973	-	1,752	1,752	2,771
Printing	197	592	395	99	1,283	-	1,323	1,323	2,149
Promotion	321	197	250	881	1,649	2,823	1,474	4,297	6,313
Rental - Building	-	-	6,209	-	6,209	-	-	-	5,725
Rental - Equipment	733	1,069	665	1,033	3,500	879	-	879	2,606
Repairs and Maintenance	4,785	6,327	2,574	8,904	22,590	3,486	-	3,486	5,946
Sanitation	1,144	2,293	1,144	10,324	14,905	1,109	-	1,109	6,209
Security	347	688	345	-	1,380	345	-	345	4,379
Supplies	2,211	1,712	1,081	1,922	6,926	563	-	563	3,540
Telephone	1,467	2,938	1,575	4,933	10,913	1,470	-	1,470	26,076
Utilities	6,221	12,442	6,221	26,675	51,559	4,940	-	4,940	16,014
Vehicle Expense	1,047	662	415	16,970	19,094	279	-	279	12,997
<b>Total Expenses</b>	<b>118,765</b>	<b>295,079</b>	<b>225,911</b>	<b>2,346,350</b>	<b>2,986,105</b>	<b>203,735</b>	<b>31,152</b>	<b>234,887</b>	<b>3,220,992</b>
									<b>1,890,402</b>

**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
(With Comparative Totals for June 30, 2014)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 50,323	\$ (2,406)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities ---		
Depreciation	16,802	15,943
Decrease/(Increase) in Grants Receivable	(169)	5,754
Decrease/(Increase) in Pledges Receivable	(81,431)	-
Decrease/(Increase) in Inventory	(132,497)	-
Decrease/(Increase) in Other Current Assets	(26,181)	(3,685)
(Decrease)/Increase in Accounts Payable	(14,629)	19,010
(Decrease)/Increase in Other Current Liabilities	2,021	393
	(185,761)	35,009
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property & Equipment	(11,180)	(101,638)
Change in Balance on Leased Homework Property	9,126	6,140
Redemption of Investments	27,305	(10,262)
Unrealized (Gain) Loss on Securities Held	6,713	(16,511)
	31,964	(122,271)
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	(153,797)	(87,262)
<b>CASH AT BEGINNING OF YEAR</b>	422,047	509,309
<b>CASH AT END OF YEAR</b>	268,250	422,047

See Accompanying Notes to Financial Statements.



**SHALOM CENTER OF INTERFAITH  
NETWORK OF KENOSHA COUNTY, INC.  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
JUNE 30, 2015**

**NATURE OF OPERATIONS**

The principal activity of Shalom Center of Interfaith Network of Kenosha County, Inc. (The Shalom Center) is assisting the hungry and homeless in the community through several programs. The Soup Kitchen provides a complete evening meal to an average of 100 adults and children 365 days a year. The Food Pantry provides approximately 7 days of food once each month to over 600 households. The Emergency Family Shelter houses 7 families every night for up to 45 days or approximately 150 families annually. The Interfaith Nightly Shelter (INNS) houses an average of 18 homeless 365 days a year in several churches throughout the community.

**BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principals in the United States of America. This financial statement is for the year ending June 30, 2015. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Network and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Network and/or the passage of time. 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that maybe maintained permanently by the Network. Generally, the donors of these assets permit the Network to use all or part of the income earned on any related investments for general or specific purposes.

**PLEDGES**

Pledges are recognized as revenues in the period received. If this period extends beyond the Statement of Financial Position date, the pledges are recorded at their net realizable value using a risk-free interest rate to discount the pledges. Pledges are classified as current or other assets (i.e. due within one year or due after one year of the Statement of Financial Position date, respectively). The current portion of pledges receivable as of June 30, 2015 totaled \$70,312 and the net discounted long term pledges receivable totaled \$11,119.

**PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Donated equipment is recorded at fair market value at time of gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets

**OTHER ASSETS**

Houses purchased for rehabilitation in the Interfaith Homework program are classified as "Other Assets" during the rehabilitation phase and are not depreciated. When the lease purchase agreements become effective, the assets are reclassified as "Lease Payments Receivable." Any income or loss realized when the assets are reclassified is recorded as current income or loss on lease purchase agreements. When deeds are transferred to purchasers, the assets are then classified as "Loans Receivable." As of June 30, 2015 all receivables have been paid and this program is completed.

**SHALOM CENTER OF INTERFAITH  
NETWORK OF KENOSHA COUNTY, INC.  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)  
JUNE 30, 2015**

**DONATED FOOD, RENT, SERVICES AND SUPPLIES**

The Organization maintains a lower administrative and fund-raising rate by actively seeking in-kind gifts. Donated food, rent, services and supplies were recognized in the statement of activities at fair value. The following is a breakdown of in-kind donations:

	<u>2015</u>
Equipment	\$ 2,276
Food and Supplies	<u>2,237,278</u>
Total:	<u>\$ 2,239,554</u>

**CASH AND EQUIVALENTS**

For purposes of the cash flows statement, management considers cash, petty cash, and investments with original maturities of less than three months to be cash and equivalents.

**INVENTORY**

Inventory consists of purchased and donated food and supplies. Inventory is valued using at the approximate average wholesale cost per pound as determined by a study done by Feeding America, a national food bank network nonprofit corporation. The value of inventory for June 30, 2015 is based on a value of \$1.70 per pound.

The method for valuing inventory has changed from prior years in order to more accurately state the year end inventory. Historically, The Shalom Center has valued inventory based on an estimated value used in prior years and in 2014 the value used was \$.70 per pound. As a result, the inventory value has significantly increased and the value of the increase has affected the change in net assets for the current fiscal year end by \$132,000.

**INVESTMENTS**

Investments in debt and equity securities are stated at fair value. The related gain or loss is recognized as a component of ordinary income.

Investment securities are exposed to various risks including, but not limited to, interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, the values of investment securities may change in the near term.

**ESTIMATES**

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from these estimates.

**EXPENSE ALLOCATION**

The costs of providing various programs and other 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.

**SHALOM CENTER OF INTERFAITH  
NETWORK OF KENOSHA COUNTY, INC.  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)  
JUNE 30, 2015**

**RESTRICTED AND UNRESTRICTED REVENUE AND SUPPORT**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**DEFERRED GRANT REVENUE**

Deferred grant revenue represents an advance received on a grant that will be expended in the next fiscal year.

**INCOME TAX STATUS**

The Shalom Center is a not-for-profit Wisconsin Corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**SHALOM CENTER OF INTERFAITH  
NETWORK OF KENOSHA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 - INTERFAITH HOMEWORK PROGRAM**

The Interfaith Homework Program began as a participant of the national "Habitat for Humanity" program. Currently, the Shalom Center works independently of the national program. Interfaith Homework purchases and renovates homes for resale to qualified families using community volunteers.

The Shalom Center has deeds to two of these Homework Houses. The Shalom Center has entered into lease to purchase agreements for two of the houses. The first one has an outstanding amount receivable of \$4,893. Currently, the owner is not making the payments as scheduled and the balance has been written off as a bad debt.

The second house was sold on April 25, 1997, with a participation agreement. The house was sold for \$60,000 less previous principle reduction of \$15,406. The purchaser's mortgage was for \$46,000. The Shalom Center provided 50% of the funds for the initial loan. The bank provided the other 50% of the loan. The purchaser makes monthly payments of \$204.56 at 1.25% interest. The bank receives the full payment and remits the Network's half of the principal and interest to the Network. The outstanding balance as of June 30, 2015 was \$0 and as of the date of this audit report the program has been completed.

**NOTE 2 - GRANTS**

The Shalom Center is the recipient of several government grants which are received on a cost reimbursement basis. Revenue with respect to these grants is recognized to the extent of expenses incurred under the award terms. Upon completion or expiration of a grant, unexpended funds are not available to the Shalom Center.

The grants receivable balance at June 30, 2015 consisted of the following:

	<u>2015</u>
State of Wisconsin – CACFP	\$ 979
State of Wisconsin – CSFP	1,593
State of Wisconsin – SSSG	4,760
EFS – FEMA	3,753
Kenosha CDBG	2,997
HUD - ESG	<u>87</u>
Total Grants Receivable	<u>\$ 14,169</u>

The deferred grant revenue balance at June 30, 2015 amounted to \$0.

**NOTE 3 - UNEMPLOYMENT COMPENSATION RESERVE**

The Shalom Center has elected reimbursement financing pursuant to Section 108.151(2) of the Wisconsin Unemployment Compensation Law. The Shalom Center has posted a certificate of deposit for \$19,031 as assurance of reimbursement. This certificate is reflected in the financial statements as Unemployment Compensation Reserve. The Shalom Center is responsible for reimbursing the Unemployment Compensation Division on a monthly basis; in the event any assessable unemployment benefit payments are made on behalf of the Network. At present, management is paying unemployment claims as they occur using unrestricted funds and directly expensing the amounts. The amount paid for the year ended June 30, 2015 totaled \$16,145.

SHALOM CENTER OF INTERFAITH  
 NETWORK OF KENOSHA COUNTY, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) *Accounting Standards Codification 820, Fair Value Measurements and Disclosures (ASC 820)* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820 are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

**Level 1** – inputs to the valuation methodology are quoted prices in active markets for identical assets or liabilities. Quoted prices are available in the active markets for identical investments as of the reporting date. The types of assets in Level 1 include listed equities held in the name of the Shalom Center.

**Level 2** – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active. The types of assets in Level 2 include annuities.

**Level 3** – inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgement. The types of assets in Level 3 include loans and leases receivable.

The following presents assets carried at fair value as of June 30, 2015 by ASC 820 valuation hierarchy (as described above):

<u>June 30, 2014</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices in Active Markets Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash	\$ 268,250	\$ 268,250	\$ -	\$ -
Stocks	40,990	40,990	-	-
Annuities	14,573	-	14,573	-
<b>Total:</b>	<b>\$ 323,813</b>	<b>\$ 309,240</b>	<b>\$ 14,573</b>	<b>\$ -</b>

**NOTE 5 - CONCENTRATION OF CREDIT RISK**

The Shalom Center maintains several cash accounts in multiple financial institutions located in Kenosha, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2015, the Network's uninsured balances total \$0.

SHALOM CENTER OF INTERFAITH  
NETWORK OF KENOSHA COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are expendable for purposes designated by the source of net assets. The schedule indicates the purpose to which the donor restricted the use of these funds.

	<u>2015</u>
Capital Campaign -- Building	<u>\$207,777</u>

**NOTE 7 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 12, 2015, the date the financial statements were available to be issued.

**CONTRACT  
REPORTING**

**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.  
SCHEDULE OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Pass-Through Grantor Program Title	Number	Expenditures
U.S. Department of Health and Human Services / WI Dept of Health and Family Services Shares	Local Funds	57,650
U.S. Department of Health and Human Services / WI Dept of Commerce State Shelter Subsidy Grant	505.707A	14,320
U.S. Department of Homeland Security FEMA	Unknown	9,756
U.S. Department of Housing & Urban Development Emergency Shelter Grant	Unknown	39,000
U.S. Department of Housing & Urban Development / City of Kenosha Community Development Block Grant	14.218	22,160
U.S. Department of Agriculture Child and Adult Care Food Program	10.558	23,652
U.S. Department of Agriculture Commodity Supplemental Food Program	10.565	24,412
	Total:	<u>\$ 190,950</u>

The Accompanying Notes are an Integral Part of this Schedule.



**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.**  
**SCHEDULE OF FEDERAL AND STATE AWARDS BY FUNCTIONAL AREA**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Funding by Functional Area	Grantor/Pass Through Agencies	Number	Expenditures
Food Pantry	US Department of Agriculture Kenosha County	10.565 Local Funds	\$ 24,412 3,150
Family Shelter	US Department of Homeland Security US Department of Housing and Urban Development US Department of Agriculture WI Department of Public Instruction Kenosha County	Unknown 14.218 Unknown 10.558 505.707A Local Funds	9,756 22,160 25,000 23,652 8,592 20,000
INNS	US Department of Housing and Urban Development WI Department of Public Instruction Kenosha County	Unknown 505.707A Local Funds	14,000 5,728 34,500
	Total:		\$ <u>190,950</u>

The Accompanying Notes are an Integral Part of this Schedule.

**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.  
SCHEDULE OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards of Shalom Center of Interfaith Network of Kenosha County, Inc. is presented in accordance with the requirements of the Department of Health Services Audit Guide.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenses in the schedules are presented in accordance with the accrual basis of accounting and are in agreement with revenues and expenses reported in the Organization's 2015 financial statements.

**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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There were no prior year findings.

**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* AND  
*THE PROVIDER AGENCY AUDIT GUIDE***

Board of Directors  
Shalom Center of Interfaith Network of Kenosha County, Inc.  
Kenosha, Wisconsin

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 and the *Provider Agency Audit Guide*, 1999 revision, issued by the Wisconsin Departments of Health and Family Services, Workforce Development, and Corrections, the financial statements of Shalom Center of Interfaith Network of Kenosha County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Shalom Center of Interfaith Network of Kenosha County, 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 Shalom Center of Interfaith Network of Kenosha County, Inc.'s internal control. Accordingly, we 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 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 Shalom Center of Interfaith Network of Kenosha County, Inc.'s financial statements are free from material misstatement, we performed test 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* or the *Provider Agency Audit Guide*.

**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.

*Timothy J. Feltner & Clark, LLC*

Kenosha, Wisconsin  
November 12, 2015

**SHALOM CENTER OF INTERFAITH NETWORK OF KENOSHA COUNTY, INC.  
 SCHEDULE OF FINDING AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

**A. Summary of Auditors' Results**

*Financial Statements*

- |   |               |
|---|---------------|
| 1. Type of Auditors' report issued?   | Unmodified    |
| 2. Internal control over financial reporting:                                 |               |
| a. Material weakness(s) identified?   | No            |
| b. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to the financial statement noted?                   | No            |

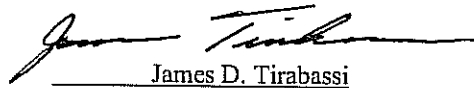
**B. Financial Statement Findings**

No matters were reported

**C. Other Issues**

- |  |     |
|--|-----|
| 1. Does the auditor have substantial doubt about the auditee's ability to continue as a going concern?   | No  |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>Provider Agency Audit Guide</i> : |     |
| Department of Health and Family Services   | No  |
| Department of Workforce Development  | N/A |
| Department of Corrections  | N/A |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?  | No  |

4. Signature of Partner in Charge:

  
 \_\_\_\_\_  
 James D. Tirabassi

5. Date of report:

\_\_\_\_\_  
 November 12, 2015