

CHARLOTTE RESCUE MISSION

Consolidated Financial Statements for the Years
Ended June 30, 2016 and 2015 and
Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

Board of Directors of the Charlotte Rescue Mission:

We have audited the accompanying consolidated financial statements of the Charlotte Rescue Mission (the "Organization") which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Charlotte Rescue Mission as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

GreerWalker LLP

September 20, 2016

GreerWalker LLP – Certified Public Accountants

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CHARLOTTE RESCUE MISSION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

| <u>ASSETS</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash | \$ 2,308,217 | \$ 1,713,852 |
| Pledges receivable, net | 180,097 | 245,649 |
| Inventory | 104,559 | 72,931 |
| Prepaid expenses and other | 124,104 | 140,889 |
| Current portion of beneficial interest in trust | 25,000 | 25,000 |
| Total current assets | <u>2,741,977</u> | <u>2,198,321</u> |
| OTHER ASSETS: | | |
| Pledges receivable, net | 54,615 | 159,697 |
| Beneficial interest in trust | 204,922 | 229,922 |
| Other | 9,716 | 10,876 |
| Total other assets | <u>269,253</u> | <u>400,495</u> |
| PROPERTY AND EQUIPMENT, NET | <u>8,772,999</u> | <u>9,072,281</u> |
| TOTAL | <u>\$ 11,784,229</u> | <u>\$ 11,671,097</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 85,053 | \$ 49,042 |
| Accrued salaries and other expenses | 194,571 | 270,314 |
| Total current liabilities | <u>279,624</u> | <u>319,356</u> |
| GRANT PAYABLE | <u>1,000,000</u> | <u>1,000,000</u> |
| NET ASSETS: | | |
| Unrestricted | 9,725,038 | 9,421,892 |
| Temporarily restricted | 757,567 | 929,849 |
| Permanently restricted | 22,000 | - |
| Total net assets | <u>10,504,605</u> | <u>10,351,741</u> |
| TOTAL | <u>\$ 11,784,229</u> | <u>\$ 11,671,097</u> |

See notes to consolidated financial statements.

CHARLOTTE RESCUE MISSION

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

| | Year Ended June 30, 2016 | | | Year Ended June 30, 2015 | | | |
|--|--------------------------|------------------------|------------------------|--------------------------|---------------------|------------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| REVENUE, SUPPORT AND RECLASSIFICATIONS: | | | | | | | |
| Contributions and grants | \$ 4,716,849 | \$ 596,323 | \$ 22,000 | \$ 5,335,172 | \$ 4,072,853 | \$ 500,139 | \$ 4,572,992 |
| Capital campaign contributions | - | - | - | - | - | 5,118 | 5,118 |
| Beneficial interest in trust | - | - | - | - | - | 279,922 | 279,922 |
| Gifts-in-kind | 666,493 | - | - | 666,493 | 525,084 | - | 525,084 |
| Program aftercare income | 86,874 | - | - | 86,874 | 88,746 | - | 88,746 |
| Special event income net of related expenses of \$47,511 and \$29,458 as of June 30, 2016 and 2015, respectively | 206,433 | - | - | 206,433 | 118,108 | - | 118,108 |
| Miscellaneous income | 17,949 | - | - | 17,949 | 21,185 | - | 21,185 |
| Reclassifications: | | | | | | | |
| Contributions and grants released from time or purpose restrictions | 768,605 | (768,605) | - | - | 683,928 | (683,928) | - |
| Total revenue, support and reclassifications | 6,463,203 | (172,282) | 22,000 | 6,312,921 | 5,509,904 | 101,251 | 5,611,155 |
| EXPENSES: | | | | | | | |
| Program services | 4,601,506 | - | - | 4,601,506 | 4,778,291 | - | 4,778,291 |
| Supporting services: | | | | | | | |
| General and administrative | 526,668 | - | - | 526,668 | 562,388 | - | 562,388 |
| Fundraising | 1,031,883 | - | - | 1,031,883 | 1,007,771 | - | 1,007,771 |
| Total support services | 1,558,551 | - | - | 1,558,551 | 1,570,159 | - | 1,570,159 |
| Total expenses | 6,160,057 | - | - | 6,160,057 | 6,348,450 | - | 6,348,450 |
| CHANGE IN NET ASSETS | 303,146 | (172,282) | 22,000 | 152,864 | (838,546) | 101,251 | (737,295) |
| NET ASSETS, BEGINNING OF YEAR | 9,421,892 | 929,849 | - | 10,351,741 | 10,260,438 | 828,598 | 11,089,036 |
| NET ASSETS, END OF YEAR | \$ 9,725,038 | \$ 757,567 | \$ 22,000 | \$ 10,504,605 | \$ 9,421,892 | \$ 929,849 | \$ 10,351,741 |

See notes to consolidated financial statements.

CHARLOTTE RESCUE MISSION

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

| | Year Ended June 30, 2016 | | | | Year Ended June 30, 2015 | | | |
|-------------------------------|--------------------------|-------------------------------|---------------------|---------------------|--------------------------|-------------------------------|---------------------|---------------------|
| | Program Services | General and Administrative | Fundraising | Total | Program Services | General and Administrative | Fundraising | Total |
| Salaries | \$ 2,369,728 | \$ 298,014 | \$ 416,805 | \$ 3,084,547 | \$ 2,546,141 | \$ 347,244 | \$ 410,277 | \$ 3,303,662 |
| Payroll taxes | 173,090 | 22,934 | 37,544 | 233,568 | 196,183 | 25,150 | 32,017 | 253,350 |
| Benefits | 429,920 | 55,490 | 65,353 | 550,763 | 471,610 | 30,832 | 73,461 | 575,903 |
| Advertising | 54,795 | - | 25,940 | 80,735 | 33,028 | - | 65,326 | 98,354 |
| Promotional (direct mail) | - | - | 391,984 | 391,984 | - | - | 314,555 | 314,555 |
| Food | 447,231 | - | - | 447,231 | 439,682 | - | - | 439,682 |
| Occupancy | 230,689 | 6,761 | 2,297 | 239,747 | 233,164 | 5,747 | 2,957 | 241,868 |
| Supplies and maintenance | 241,688 | 17,529 | 18,672 | 277,889 | 226,751 | 22,741 | 37,331 | 286,823 |
| Contracted services | 39,559 | 32,600 | 8,484 | 80,643 | 30,454 | 40,863 | 7,271 | 78,588 |
| Postage | 669 | 1,965 | 21,051 | 23,685 | 566 | 1,743 | 21,885 | 24,194 |
| Depreciation and amortization | 442,895 | 15,874 | 17,012 | 475,781 | 436,702 | 12,216 | 14,106 | 463,024 |
| Communications | 45,434 | 4,697 | 5,434 | 55,565 | 49,108 | 3,717 | 6,593 | 59,418 |
| Auto and travel | 16,858 | 1,239 | 2,960 | 21,057 | 20,464 | 2,784 | 2,793 | 26,041 |
| Insurance | 76,231 | 5,793 | 2,152 | 84,176 | 77,442 | 7,064 | 6,016 | 90,522 |
| Bank charges | - | 41,534 | 1,187 | 42,721 | - | 39,293 | 2,882 | 42,175 |
| Dues and education | 24,635 | 11,804 | 14,764 | 51,203 | 16,290 | 17,038 | 9,377 | 42,705 |
| Miscellaneous | 8,084 | 10,434 | 244 | 18,762 | 706 | 5,956 | 924 | 7,586 |
| Total expenses | \$ 4,601,506 | \$ 526,668 | \$ 1,031,883 | \$ 6,160,057 | \$ 4,778,291 | \$ 562,388 | \$ 1,007,771 | \$ 6,348,450 |

See notes to consolidated financial statements.

CHARLOTTE RESCUE MISSION

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 152,864 | \$ (737,295) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| In-kind contributions of equipment and facility services | (43,730) | (42,128) |
| Change in allowance for bad debt and present value of pledges receivable | (27,043) | (25,279) |
| Depreciation and amortization | 475,781 | 463,024 |
| Loss on disposal of assets | 16,098 | - |
| Changes in operating assets and liabilities: | | |
| Pledges receivable | 197,677 | 81,480 |
| Inventory | (31,628) | (14,926) |
| Prepaid expenses and other | 16,785 | (40,986) |
| Beneficial interest in trust | 25,000 | (254,922) |
| Other assets | 773 | - |
| Accounts payable | 36,011 | 13,589 |
| Accrued salaries and other expenses | <u>(75,743)</u> | <u>(21,579)</u> |
| Net cash provided by (applied to) operating activities | 742,845 | (579,022) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | <u>(148,480)</u> | <u>(124,821)</u> |
| NET INCREASE (DECREASE) IN CASH | 594,365 | (703,843) |
| CASH, BEGINNING OF YEAR | <u>1,713,852</u> | <u>2,417,695</u> |
| CASH, END OF YEAR | <u>\$ 2,308,217</u> | <u>\$ 1,713,852</u> |

See notes to consolidated financial statements.

CHARLOTTE RESCUE MISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - Charlotte Rescue Mission (the "Organization") is a North Carolina not-for-profit corporation that was formed in 1938. The ministry of the Organization is to provide an intensive Christian residential chemical dependence recovery and rehabilitation program for homeless men and women or those about to become homeless. The primary programs of the Organization are as follows:

Rebound - the Organization provides a 90-day Christian residential recovery program, utilizing the principles of Alcoholics Anonymous, which has more than 130 men in residence at its West First Street location.

Dove's Nest - the Organization provides a 120-day residential program for women and children at their 120-bed facility located on West Boulevard. This program uses the same principles as the men's Rebound program.

Holiday Meals - the Organization provides hot nourishing meals at Easter, Thanksgiving, and Christmas to the community to include not only the homeless but also families, children and senior citizens.

Principles of Consolidation - The consolidated financial statements include the accounts of Charlotte Rescue Mission, and its supporting organization, Charlotte Rescue Mission Endowment (the "Endowment"). All significant intercompany balances and transactions are eliminated in consolidation.

Financial Statement Presentation - The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Temporarily restricted net assets - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met.

Permanently restricted net assets - Net assets which contain donor-imposed restrictions stipulating that the amounts be maintained by the Organization in perpetuity.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash - The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

Contributions - The Organization may receive contributions of cash or other assets which it reports as temporarily restricted support if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as temporarily restricted support and as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Pledges Receivable - Pledges receivable are recognized when a donor makes a promise that is, in substance, unconditional to give cash or property to the Organization. Promises to give that are restricted by the donor whose restrictions are met in the same reporting period are reported as temporarily restricted support and as net assets released from restrictions. All other donor-restricted net assets are reported in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. Promises to give are recorded at their estimated fair value and are substantially all due in the next five years. For pledges received during the years ended June 30, 2016 and 2015, the discount rate used was 2.00%. Amortization of the discount is included in contribution revenue. Conditional promises to give, if any, are not included as support until the conditions are substantially met.

Inventory - Inventory consists of purchased and donated food and program supplies. Purchased inventory is stated at the lower of cost or market. Cost is determined using the average cost method. Donated food inventory is stated at wholesale value, or \$1.67 per pound. Donated program supplies inventory is stated at estimated fair value. Inventory cost is expensed when goods are distributed. Management periodically evaluates the net realizable value of all inventories to ensure that any unusable inventory is expensed.

Property and Equipment - Property and equipment are recorded at cost if purchased. Donations of property are recorded at their estimated fair value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets of \$500 or more and with useful lives greater than one year are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets.

Advertising - The Organization's policy is to expense the cost of advertising as it is incurred. Total advertising costs were \$80,735 and \$98,354 for the years ended June 30, 2016 and 2015, respectively.

Income Taxes - The Organization is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been made in the accompanying consolidated financial statements.

The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. As of June 30, 2016, the tax years ended June 30, 2013 through 2016 were open for potential examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of June 30, 2016 and 2015.

Donated equipment and facility services - Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations with regard to the amount of time the long-lived assets must be maintained, the Organization releases the net assets related to donated or acquired long-lived assets once they are placed in service. Donated facility services are recognized for those services that improve or enhance property and equipment or for services that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donor. Donated equipment and facility services are recorded at fair value at the date of the gift. The Organization received donations of equipment and facilities services in the amounts of \$43,730 and \$42,128 for the years ended June 30, 2016 and 2015, respectively, which are recorded as support on the accompanying consolidated financial statements.

Donated food, clothing and supplies - The Organization receives and distributes large amounts of clothing and other goods directly to those in need. The Organization also receives donations of food and supplies which are used in its operations. Donated food, clothing and supplies are recorded at fair value at the date of the gift. These goods are recorded as support in the accompanying consolidated financial statements in the amount of \$513,022 and \$409,638 for the years ended June 30, 2016 and 2015, respectively.

Donated Professional Services - Many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts. The value of this contributed time does not meet the criteria for recognition of donated services and, accordingly, is not reflected as support in the accompanying consolidated financial statements. Donated professional services are only recognized for services that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. These services are recorded as support in the accompanying consolidated financial statements in the amount of \$109,741 and \$73,318 for the years ended June 30, 2016 and 2015, respectively.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas.

Subsequent Events - In preparing its consolidated financial statements, the Organization has evaluated subsequent events through September 20, 2016, which is the date the consolidated financial statements were available to be issued.

2. PLEDGES RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|--|------------------|-------------------|
| Due in less than one year | \$ 180,097 | \$ 245,649 |
| Due in 1 to 5 years | 95,000 | 227,125 |
| Subtotal | <u>275,097</u> | <u>472,774</u> |
| Less discount to net present value | 1,900 | 6,443 |
| Less allowance for uncollectible pledges | <u>38,485</u> | <u>60,895</u> |
| Pledges receivable, net | 234,712 | 405,346 |
| Current portion, net | <u>180,097</u> | <u>245,649</u> |
| Long-term, net | <u>\$ 54,615</u> | <u>\$ 159,697</u> |

3. BENEFICIAL INTEREST IN TRUST

During 2015, the estate of an unrelated third party bequeathed a portion of its funds to the Organization. The estate was liquidated and is now being held in trust and administered by the Foundation For The Carolinas. Distributions from the trust will be made to the Organization in annual increments of \$25,000 until the funds are depleted.

The following table sets forth a summary of changes in the beneficial interest in trust for the year ended June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 254,922 | \$ - |
| Contributions | - | 279,922 |
| Receipts | <u>(25,000)</u> | <u>(25,000)</u> |
| Balance, end of year | 229,922 | 254,922 |
| Current portion | <u>25,000</u> | <u>25,000</u> |
| Long-term | <u>\$ 204,922</u> | <u>\$ 229,922</u> |

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|---------------------|---------------------|
| Land | \$ 325,100 | \$ 325,100 |
| Land improvements | 975,441 | 984,341 |
| Buildings | 7,700,962 | 7,725,393 |
| Furniture and equipment | 1,556,607 | 1,473,791 |
| Vehicles | 174,948 | 173,415 |
| Computer equipment | 419,608 | 428,666 |
| Construction in process | <u>12,008</u> | <u>8,300</u> |
| Subtotal | 11,164,674 | 11,119,006 |
| Less accumulated depreciation | <u>2,391,675</u> | <u>2,046,725</u> |
| Total, net | <u>\$ 8,772,999</u> | <u>\$ 9,072,281</u> |

5. GRANT PAYABLE

During year ended June 30, 2013, the Organization was the recipient of a \$1,000,000 grant from the Federal Home Loan Affordable Housing Program to offset costs associated with the Dove's Nest construction project. Among other non-financial covenants, the grant requires the Organization to utilize the Dove's Nest facility for a minimum of 15 years. If the facility is sold before a period of 15 years, the Organization is required to repay the grant in full. As of the years ended June 30, 2016 and 2015, the Organization has a liability recorded in the amount of \$1,000,000 associated with the grant. Upon satisfaction of all required grant conditions, the Organization will recognize the cash proceeds associated with the grant as revenue.

6. LINE OF CREDIT

The Organization has a revolving line of credit agreement with a bank for an amount up to \$500,000. Payments of interest on any outstanding borrowings are due monthly with an interest rate of prime (3.5% at June 30, 2016) plus 1%, with a floor rate of 5%. There were no outstanding borrowings on the line of credit as of the years ended June 30, 2016 and 2015. The line of credit expires in October 2017.

7. NET ASSETS

Temporarily restricted net assets available for future periods or purposes consisted of the following as of June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Purpose restrictions: | | |
| General projects | \$ 152,346 | \$ 159,545 |
| Other | <u>140,587</u> | <u>110,036</u> |
| Total | <u>292,933</u> | <u>269,581</u> |
| Time restrictions: | | |
| General operations | 222,896 | - |
| Dove's Nest operations | - | 352,928 |
| Beneficial interest in trust | 229,922 | 254,922 |
| Matching gifts | 2,316 | 30,718 |
| Other | <u>9,500</u> | <u>21,700</u> |
| Total | <u>464,634</u> | <u>660,268</u> |
| Total temporarily restricted net assets | <u>\$ 757,567</u> | <u>\$ 929,849</u> |

Net assets are released from donor restrictions by satisfaction of time and/or purpose. Restrictions released during the years ended June 30, 2016 and 2015 consisted of the following:

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Program expenses | \$ 613,572 | \$ 334,514 |
| Dove's Nest project and operations | 130,033 | 324,414 |
| Beneficial interest in trust | <u>25,000</u> | <u>25,000</u> |
| Total assets released from time and/or purpose restrictions | <u>\$ 768,605</u> | <u>\$ 683,928</u> |

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of endowed assets totaling \$22,000 as of June 30, 2016. There were no permanently restricted net assets as of June 30, 2015.

9. LEASE COMMITMENTS

The Organization leases certain equipment and an automobile under long-term operating agreements from unrelated third parties. Rental expenses incurred by the Organization was approximately \$12,000 and \$11,000 for the years ended June 30, 2016 and 2015, respectively.

The approximate future minimum rental payments under these agreements are as follows:

| | |
|------------------------------|------------------|
| For the year ending June 30: | |
| 2017 | \$ 19,000 |
| 2018 | 14,000 |
| 2019 | 11,000 |
| 2020 | 11,000 |
| 2021 | <u>8,000</u> |
| Total | <u>\$ 63,000</u> |

10. EMPLOYEE RETIREMENT PLAN

The Organization maintains a qualified 403(b) retirement plan (the "Plan") in which all eligible employees may participate. The Plan allows for the Organization to make discretionary contributions on behalf of all participants. Employees become 100% vested immediately upon their effective date of participation. During each of the years ended June 30, 2016 and 2015, the Organization made matching contributions equal to 100% of the first 5% of each participant's pre-tax deferral contribution. Expenses for the years ended June 30, 2016 and 2015 were approximately \$83,000 and \$77,000, respectively.

11. CHARLOTTE RESCUE MISSION ENDOWMENT

During the year ended June 30, 2015, the Organization established the Endowment. The Endowment is classified by the Internal Revenue Service as a Type I supporting organization that is operated, supervised or controlled by a publicly supported organization. The Endowment is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and all contributions received are tax deductible to the donor. The mission of the Endowment is to receive, hold and manage funds intended for the benefit of the Organization. The Endowment may make periodic charitable contributions to the Organization as designated by the Organization's board of directors. Amounts earned on invested funds will be available for unrestricted use by the Organization and the Endowment.