

**Shelter Association of Washtenaw County**

**Annual Financial Statements  
and Auditors' Report**

**June 30, 2010 and 2009**

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## Independent Auditors' Report

To the Board of Directors  
Shelter Association of Washtenaw County  
Ann Arbor, Michigan

We have audited the accompanying statement of financial position of Shelter Association of Washtenaw County (a non-profit corporation) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Shelter Association of Washtenaw County's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Shelter Association of Washtenaw County as of June 30, 2009, were audited by other auditors whose report dated September 9, 2009, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of Shelter Association of Washtenaw County, as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 9, 2010 on our consideration of the Shelter Association of Washtenaw County's internal control over financial reporting and on our tests of its provisions of laws and 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

*Yeo & Yeo, P.C.*

Ann Arbor, Michigan  
September 9, 2010

**Shelter Association of Washtenaw County**  
**Statement of Financial Position**  
**June 30, 2010 and 2009**

	2010	2009
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 289,341	\$ 429,079
Receivables		
Other	112,692	70,105
United Way Allocation	52,134	52,134
Contributions receivable	10,819	1,000
Investments	1,347,780	1,391,644
Prepaid expenses	78,073	35,331
Total current assets	<u>1,890,839</u>	<u>1,979,293</u>
Property and equipment		
Property and equipment	10,215	3,305
Less accumulated depreciation	(1,787)	(435)
Net property and equipment	<u>8,428</u>	<u>2,870</u>
Total assets	<u>\$ 1,899,267</u>	<u>\$ 1,982,163</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 21,580	\$ 33,499
Deferred revenue	57,426	132,160
Accrued payroll and withholdings	44,115	44,225
Total current liabilities	<u>123,121</u>	<u>209,884</u>
Net assets		
Unrestricted	400,774	351,907
Undesignated	250,000	250,000
Board designated	98,134	143,134
Temporarily restricted		
Permanently restricted	1,027,238	1,027,238
Total net assets	<u>1,776,146</u>	<u>1,772,279</u>
Total liabilities and net assets	<u>\$ 1,899,267</u>	<u>\$ 1,982,163</u>

See Accompanying Notes To Financial Statements

**Shelter Association of Washtenaw County**  
**Statement of Activities**

**For the Years Ended June 30, 2010 and 2009**

	June 30, 2010			June 30, 2009		
	Unrestricted	Temporarily	Permanently	Unrestricted	Temporarily	Permanently
		Restricted	Restricted		Restricted	Restricted
Revenue and Support						
Contributions	\$ 459,392	\$ -	\$ -	\$ 459,392	\$ 91,000	\$ -
In-kind donations	41,764	-	-	41,764	-	-
Grants	2,339,475	-	-	2,339,475	-	-
United Way Allocation	-	52,134	-	52,134	52,134	-
Special event revenue (net)	144,466	-	-	144,466	-	-
Net realized and unrealized gains (losses) on investments	46,674	-	-	46,674	-	-
Interest income	21,067	-	-	21,067	-	-
Miscellaneous income	48,626	-	-	48,626	-	-
<b>Total revenue and support</b>	<b>3,101,464</b>	<b>52,134</b>	<b>-</b>	<b>3,153,598</b>	<b>143,134</b>	<b>-</b>
Net assets released from restrictions	3916					
Satisfaction of usage restrictions	898,607	(97,134)	-	56,361	(56,361)	-
<b>Total revenue, support and net assets released from restrictions</b>	<b>3,198,598</b>	<b>(45,000)</b>	<b>-</b>	<b>3,153,598</b>	<b>86,773</b>	<b>-</b>
Expenses						
Program services	2,638,647	-	-	2,638,647	-	-
Support services	306,204	-	-	306,204	-	-
Management and general	204,880	-	-	204,880	-	-
Fundraising	3,149,731	-	-	3,149,731	-	-
<b>Total expenses</b>	<b>48,867</b>	<b>(45,000)</b>	<b>-</b>	<b>3,867</b>	<b>(9,242)</b>	<b>-</b>
Change in net assets	601,907	143,134	1,027,238	1,772,279	56,361	1,027,238
Net assets - beginning of the year	\$ 650,774	\$ 98,134	\$ 1,027,238	\$ 1,776,146	\$ 143,134	\$ 1,027,238
<b>Net assets - end of the year</b>	<b>\$ 1,252,681</b>	<b>\$ 241,268</b>	<b>\$ 2,054,476</b>	<b>\$ 3,548,425</b>	<b>\$ 199,495</b>	<b>\$ 2,054,476</b>

See Accompanying Notes To Financial Statements

**Shelter Association of Washtenaw County**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2010**

	Program Services	Management and General	Fundraising	2010
Salaries and wages	\$ 1,084,459	\$ 177,436	\$ 147,083	\$ 1,408,978
Employee benefits	97,309	29,270	7,795	134,374
Payroll taxes	93,601	20,624	9,079	123,304
<b>Total payroll expenses</b>	<b>1,275,369</b>	<b>227,330</b>	<b>163,957</b>	<b>1,666,656</b>
Conferences and meetings	660	1,187	1,451	3,298
Contracted services	102,139	3,159	-	105,298
Equipment repair and maintenance	378	426	-	804
Insurance	25,558	14,875	-	40,433
Occupancy - repair and maintenance	1,542	-	-	1,542
Occupancy - utilities	62,467	4,721	-	67,188
Postage and shipping	240	399	3,356	3,995
Printing and publications	-	1,687	15,187	16,874
Professional fees	-	15,981	-	15,981
Specific assistance to individuals	1,029,744	-	-	1,029,744
Supplies	107,741	8,524	7,048	123,313
Telephone	13,799	1,725	1,725	17,249
Travel	5,839	3,541	-	9,380
Other	11,887	22,581	12,156	46,624
Depreciation	1,284	68	-	1,352
<b>Total expenses</b>	<b>\$ 2,638,647</b>	<b>\$ 306,204</b>	<b>\$ 204,880</b>	<b>\$ 3,149,731</b>

See Accompanying Notes To Financial Statements

**Shelter Association of Washtenaw County**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2009**

	Program Services	Management and General	Fundraising	2009
Salaries and wages	\$ 941,354	\$ 165,172	\$ 128,079	\$ 1,234,605
Employee benefits	96,290	29,031	7,798	133,119
Payroll taxes	81,433	18,066	7,958	107,457
<b>Total payroll expenses</b>	<b>1,119,077</b>	<b>212,269</b>	<b>143,835</b>	<b>1,475,181</b>
Conferences and meetings	455	820	1,001	2,276
Contracted services	100,500	3,108	-	103,608
Equipment repair and maintenance	92	104	-	196
Insurance	20,975	12,695	-	33,670
Occupancy - repair and maintenance	937	-	-	937
Occupancy - utilities	65,768	4,895	-	70,663
Postage and shipping	668	1,112	9,342	11,122
Printing and publications	-	2,194	19,748	21,942
Professional fees	-	14,140	-	14,140
Specific assistance to individuals	290,813	-	-	290,813
Supplies	146,763	7,000	5,789	159,552
Telephone	4,936	617	617	6,170
Travel	3,740	2,480	-	6,220
Other	7,903	9,870	7,762	25,535
Depreciation	413	22	-	435
<b>Total expenses</b>	<b>\$ 1,763,040</b>	<b>\$ 271,326</b>	<b>\$ 188,094</b>	<b>\$ 2,222,460</b>

See Accompanying Notes To Financial Statements

**Shelter Association of Washtenaw County**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2010 and 2009**

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 3,867	\$ 77,531
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	1,352	435
Net realized and unrealized (gains) losses on investments	(46,674)	13,813
Increase (decrease) in:		
Receivables	(52,406)	(2,287)
Prepaid expenses	(42,742)	(3,226)
Accounts payable	(11,919)	21,314
Accrued liabilities	(110)	(37,108)
Deferred revenue	(74,734)	73,817
Net cash (used) provided by operations	(223,366)	144,289
Cash flows from investing activities:		
Purchase of investments	(3,057,631)	(2,808,114)
Proceeds from sale of investments	3,148,169	2,870,872
Additions to property and equipment	(6,910)	(3,305)
Net cash provided by investing activities	83,628	59,453
Net change in cash and cash equivalents	(139,738)	203,742
Cash and cash equivalents, beginning of the year	429,079	225,337
Cash and cash equivalents, end of the year	\$ 289,341	\$ 429,079



# Shelter Association of Washtenaw County

## Notes to Financial Statements

June 30, 2010 and 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Shelter Association of Washtenaw County (the "Shelter Association") is a Michigan non-profit organization, based in Ann Arbor, Michigan, offering a variety of services and intensive case management to individuals who are experiencing homelessness. Services include immediate needs related to food, clothing, and transportation. Extended assistance related to substance abuse treatment, health care, permanent housing, and money management may also be provided. The Shelter Association also participates in the Shelter Plus Care Program, which is aimed at moving clients from overnight shelters to a subsidized apartment of similar setting. In 2010 the Shelter Association became the lead agency for two additional rent subsidy programs - The Tenant Based Rent Assistance Program and the federally funded Homelessness Prevention/Rapid Re-Housing Program. Sources of revenues are grants and contributions.

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Financial Statement Presentation

Net assets of the Shelter Association, 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 will be met either by actions of the Organization and/or the passage of time.

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

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

#### Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

# Shelter Association of Washtenaw County

## Notes to Financial Statements

June 30, 2010 and 2009

### Donated Services

The Shelter Association records the value of donated goods as contributions using estimated fair values at the date of receipt. The Shelter Association recognized donated supplies of \$41,764 and \$89,534 for the years ended June 30, 2010 and 2009, respectively.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. While a significant amount of volunteered services was received, the Shelter Association did not receive any donated services for the years ended June 30, 2010 and 2009 that met the criteria to be recorded.

### Cash and Cash Equivalents

The Shelter Association considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents except for temporary investment funds considered to be part of the investment portfolio. The carrying amount of the Shelter Association's deposits with financial institutions at year end was \$289,341. The actual bank balance amounted to \$345,612. Of these balances \$345,612 was insured by the FDIC.

### Accounts Receivable

The Shelter Association uses the allowance method for accounting for doubtful accounts. Management regularly reviews the collection history of its receivables balances with particular attention given to those amounts greater than 90 days old. Based on management's review, no allowance was deemed necessary as of June 30, 2010 and 2009.

### Investments

Investments are stated at fair value based on quoted prices in active markets. Realized gains and losses on sales of investments represent the difference between the net sales price and the cost of securities sold. Unrealized gains and losses on investments represent the net change for the reported year in unrealized appreciation between the balance at the beginning and the end of the year. Donated investments are reflected as contributions at their market values at date of receipt.

### Property, Furniture and Equipment

Furniture and equipment are stated at cost or fair market value at the date received. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

### Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

### Functional Expenses

The allocation of expenses to the functional programs and management and general categories was computed using allocation percentages historically used during preparation of The Shelter Association budget. Management believes this is a reasonable approximation of the actual costs of the programs.

### Reclassification

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

**Shelter Association of Washtenaw County**  
**Notes to Financial Statements**  
**June 30, 2010 and 2009**

Income Tax Status

The Shelter Association is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization other than a private foundation, as described in Section 509(a). The Shelter Association files information returns in the U.S. Federal and Michigan jurisdiction. The statute of limitations is generally three years for federal returns and four years for Michigan returns.

Risks and Uncertainties

The Shelter Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

**NOTE 2 – INVESTMENTS**

The fair value of the investment account consisted of the following at June 30:

	Fair Value	
	2010	2009
Cash	\$ 70,758	\$ 230,883
Money market funds	239,677	146,580
Certificates of deposit	269,512	639,921
Mutual funds	767,833	374,260
Total investments	\$ 1,347,780	\$ 1,391,644

Investment income is composed of the following at June 30:

	2010		2009	
Dividends and interest	\$ 21,067	\$ 27,725		
Realized gain on sale of investments	2,535	876		
Unrealized gain (loss) on investments	44,139	(14,689)		
	\$ 67,741	\$ 13,912		

Investment fees for the year ended June 30, 2010 and 2009 amounted to \$3,340 and \$1,629, respectively.

**Shelter Association of Washtenaw County**  
**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE 3 – GRANTS**

The following represents details of grant revenue for the fiscal year ended June 30, 2010 and 2009:

	2010	2009
Washtenaw County - PATH	\$ 88,229	\$ 98,924
Washtenaw County - Emergency	180,000	190,000
Washtenaw County - Health Plan	84,750	92,250
Salvation Army	125,784	128,100
Emergency Shelter Grant (ESG) Program	60,019	57,387
Homelessness Prevention and Rapid Re-Housing	802,956	-
Tenant Based Rental Assistance	53,179	-
National Emergency Food and Shelter	43,958	24,090
Shelter Plus Care	284,743	298,056
City Human Services	241,815	240,286
City Night Shelter Association	30,500	-
Ann Arbor DDA	20,000	-
Corporation for Supportive Housing	-	19,400
Michigan Department of Community Health	4,545	4,902
Foundations and other organizations	292,314	278,838
Washtenaw County Children's Health Services	23,419	24,870
Michigan Coalition Against Homelessness	3,264	3,280
	<u>\$ 2,339,475</u>	<u>\$ 1,460,383</u>

**NOTE 4 – SPECIAL FUND-RAISING EVENTS**

The Shelter Association hosts events during the year to raise funds for program services. The Who's Who event was held in March 2009 and the Golf Outing was held in May of 2009. The 25<sup>th</sup> Anniversary Celebration was held during 2009 to celebrate 25 years of the shelter's operations. In May of 2010 the Who's Who event and the Golf Outing were combined and held in May 2010. Funds raised by events are used to fund programs for all service areas.

A summary of fund-raising activities during the year ended June 30, 2010 is as follows:

	Posters	Who's Who & Golf Outing	Total Events
Total contributed revenue	\$ 8,260	\$ 182,047	\$ 190,307
Direct expenses	(7,284)	(38,557)	(45,841)
Net revenue from events	<u>\$ 976</u>	<u>\$ 143,490</u>	<u>\$ 144,466</u>

A summary of fund-raising activities during the year ended June 30, 2009 is as follows:

	25th Anniversary Celebration	Who's Who & Golf Outing	Total Events
Total contributed revenue	\$ 133,347	\$ 130,294	\$ 263,641
Direct expenses	(36,538)	(29,946)	(66,484)
Net revenue from events	<u>\$ 96,809</u>	<u>\$ 100,348</u>	<u>\$ 197,157</u>

**NOTE 5 – OPERATING AGREEMENT – DOWNTOWN SHELTER (ROBERT J. DELONIS CENTER)**

On December 1, 2003, the Shelter Association entered into a sub-agreement with the Washtenaw Housing Alliance (a not-for-profit organization and lead agency designated by Washtenaw County) to operate the new downtown shelter located at 312 W. Huron Street through July 31, 2017. The Shelter Association is also responsible for providing integrated, comprehensive services to the homeless. Washtenaw County is the owner of the facility (including furniture, fixtures, and equipment) and bears responsibility for maintenance and repairs. Washtenaw County does not charge rent, but does require the Shelter Association to pay the utilities. The Shelter Association finances operations through various government and local grants and contributions.

**Shelter Association of Washtenaw County**  
**Notes to Financial Statements**  
**June 30, 2010 and 2009**

**NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2010	2009
Purpose restrictions accomplished:		
United Way	\$ 52,134	\$ 56,361
Bethlehem United Church of Christ	45,000	-
Total	<u>\$ 97,134</u>	<u>\$ 56,361</u>

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted assets are available for the following purposes at June 30:

	2010	2009
Salaries	\$ 46,000	\$ 91,000
Program activities	52,134	52,134
Total	<u>\$ 98,134</u>	<u>\$ 143,134</u>

**NOTE 8 – BOARD DESIGNATED NET ASSETS**

The Board of Directors of the Shelter Association has voluntarily designated \$250,000 as of June 30, 2010 and 2009, respectively, whose purpose is to be held for emergency expenses.

**NOTE 9 – RETIREMENT PLAN**

The Shelter Association has a defined contribution salary deferral plan qualified under Internal Revenue Code Section 408 (p). Under the plan, the Shelter Association matches employee contributions 100% up to 3% of each participants wages. The

contributions to the plan amount to \$14,336 and \$13,727 for the year ended June 30, 2010 and 2009, respectively.

**NOTE 10 – CONTINGENCIES**

The Shelter Association participates in several federally assisted grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Management feels that any liability for reimbursement which could arise as the result of a grantor audit would not be material.

**NOTE 11 – FAIR VALUE MEASUREMENTS**

Fair value is defined as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Shelter Association's financial assets and liabilities are not indicators of the risks associated with those instruments.

**Shelter Association of Washtenaw County**  
**Notes to Financial Statements**  
**June 30, 2010 and 2009**

Fair values of assets measured on a recurring basis at June 30, 2010 are as follows:

	Balance at June 30, 2010	Fair Value Measurements using:	
		Quoted prices in Active Markets for Identical Assets (Level 1)	
Money Market Mutual Fund	\$ 239,677	\$	239,677
Mutual Funds	767,833		767,833
Certificates of Deposit - securities	269,512		269,512
	<u>\$ 1,277,022</u>	<u>\$</u>	<u>1,277,022</u>

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

	Balance at June 30, 2009	Fair Value Measurements using:	
		Quoted prices in Active Markets for Identical Assets (Level 1)	
Money Market Mutual Fund	\$ 146,580	\$	146,580
Mutual Funds	374,260		374,260
Certificates of Deposit - securities	639,921		639,921
	<u>\$ 1,160,761</u>	<u>\$</u>	<u>1,160,761</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**NOTE 12 - DONOR AND BOARD RESTRICTED ENDOWMENTS**

The Shelter Association's endowment consists entirely of donor-restricted endowment funds and is classified based on those donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Shelter Association has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Shelter Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets unless otherwise specified by the donor. In accordance with UMIFA, the organization exercises the standard of ordinary business care and prudence when determining the amount of earnings and gains to appropriate for expenditure of to accumulate within the endowment fund. The Shelter Association considers the following factors in exercising this standard of care: (1) The long-term and short-term needs of the organization in carrying out its charitable purpose; (2) The present and anticipated financial requirements of the organization; (3) The expected total return on investments (4) Price level trends; and (5) General economic conditions.

**Shelter Association of Washtenaw County**  
**Notes to Financial Statements**  
**June 30, 2010 and 2009**

The endowment net asset composition by type of fund as of June 30, 2010 is as follows:

	Unrestricted	Permanently Restricted	Total
Donor-restricted	\$ 28,846	\$ 1,027,238	\$ 1,056,084
<b>Changes in endowment net assets for the year ended June 30, 2010 are as follows:</b>			
Beginning of year	Unrestricted	Permanently Restricted	Total
Contributions	\$ (9,314)	\$ 1,027,238	\$ 1,017,924
Distributions	(20,000)	-	(20,000)
Investment income	10,917	-	10,917
Unrealized gain (loss)	47,243	-	47,243
End of year	\$ 28,846	\$ 1,027,238	\$ 1,056,084

The endowment net asset composition by type of fund as of June 30, 2009 is as follows:

Donor-restricted	Unrestricted	Permanently Restricted	Total
	\$ (9,314)	\$ 1,027,238	\$ 1,017,924

The changes in endowment net assets for the year ended June 30, 2009 are as follows:

	Unrestricted	Permanently Restricted	Total
Beginning of year	\$ 8,893	\$ 1,027,238	\$ 1,036,131
Contributions	-	-	-
Distributions	(20,020)	-	(20,020)
Investment income	17,197	-	17,197
Unrealized gain (loss)	(15,384)	-	(15,384)
End of year	\$ (9,314)	\$ 1,027,238	\$ 1,017,924

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the Shelter Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$9,314 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Under UMIFA, the Shelter Association may appropriate for expenditure from the endowment fund only to the extent that the fund has accumulated net appreciation, realized and unrealized.

Return Objectives and Risk Parameters

The Shelter Association has adopted a policy to ensure a total return (yield plus capital appreciation) necessary to preserve and enhance (in real dollar terms) the principal of the funds, and at the same time, provide a dependable source of support for current projects of the Shelter Association.

**Shelter Association of Washtenaw County**  
**Notes to Financial Statements**  
**June 30, 2010 and 2009**

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Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Shelter Association's return objective is to optimize total real rate of return (adjusted for inflation) as measured over a three to five year market period against appropriate weighted market indices. The asset mix of the endowment fund is to range approximately within the following limits: fixed income instruments and equity instruments not to exceed total investment balances by 20 percent to 40 percent and 60 percent to 80 percent, respectively.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Shelter Association's finance committee will review annually and recommend a spending percentage not to exceed 5% of the prior fiscal year end balances of the endowment account.