

Shelter Association of Washtenaw County

Financial Report
June 30, 2009

Shelter Association of Washtenaw County

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Independent Auditor's Report

To the Board of Directors
Shelter Association of Washtenaw County

We have audited the accompanying balance sheet of Shelter Association of Washtenaw County as of June 30, 2009 and 2008 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Shelter Association's management. 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. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Association of Washtenaw County at June 30, 2009 and 2008 and the changes in its net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

September 9, 2009

Shelter Association of Washtenaw County

Balance Sheet

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 429,079	\$ 225,337
Receivables:		
Other	70,105	55,091
United Way allocation	52,134	56,361
Contributions receivable	1,000	9,500
Investments (Note 2)	1,391,644	1,468,215
Prepaid expenses	35,331	32,105
	<hr/>	<hr/>
Total current assets	1,979,293	1,846,609
Property and Equipment - Net	2,870	-
	<hr/>	<hr/>
Total assets	<u>\$ 1,982,163</u>	<u>\$ 1,846,609</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 33,499	\$ 12,185
Refundable advance	132,160	58,343
Accrued liabilities	44,225	81,333
	<hr/>	<hr/>
Total liabilities	209,884	151,861
Net Assets		
Unrestricted:		
Undesignated	351,907	361,149
Board designated	250,000	250,000
Temporarily restricted	143,134	56,361
Permanently restricted	1,027,238	1,027,238
	<hr/>	<hr/>
Total net assets	1,772,279	1,694,748
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Total liabilities and net assets	<u>\$ 1,982,163</u>	<u>\$ 1,846,609</u>

Shelter Association of Washtenaw County

Statement of Activities and Changes in Net Assets

	Year Ended							
	June 30, 2009				June 30, 2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support								
Contributions	\$ 351,552	\$ 91,000	\$ -	\$ 442,552	\$ 342,507	\$ -	\$ 25,738	\$ 368,245
In-kind donations	89,534	-	-	89,534	31,514	-	-	31,514
Grants (Note 3)	1,460,383	-	-	1,460,383	1,317,351	-	-	1,317,351
United Way allocation	-	52,134	-	52,134	-	56,361	-	56,361
Special event revenue (Note 4):								
Gross revenue	263,641	-	-	263,641	246,488	-	-	246,488
Direct benefit to donor costs	(66,484)	-	-	(66,484)	(53,679)	-	-	(53,679)
Net realized and unrealized losses on investments	(13,813)	-	-	(13,813)	(1,163)	-	-	(1,163)
Interest income	27,725	-	-	27,725	63,565	-	-	63,565
Miscellaneous income	44,319	-	-	44,319	53,111	-	-	53,111
Total revenue and support	2,156,857	143,134	-	2,299,991	1,999,694	56,361	25,738	2,081,793
Net Assets Released from Restrictions	56,361	(56,361)	-	-	56,361	(56,361)	-	-
Total revenue, support, and net assets released from restrictions	2,213,218	86,773	-	2,299,991	2,056,055	-	25,738	2,081,793
Expenses								
Program services	1,763,040	-	-	1,763,040	1,596,821	-	-	1,596,821
Support services:								
Management and general	271,326	-	-	271,326	237,832	-	-	237,832
Fund-raising	188,094	-	-	188,094	164,539	-	-	164,539
Total expenses	2,222,460	-	-	2,222,460	1,999,192	-	-	1,999,192
(Decrease) Increase in Net Assets	(9,242)	86,773	-	77,531	56,863	-	25,738	82,601
Net Assets - Beginning of year	611,149	56,361	1,027,238	1,694,748	554,286	56,361	1,001,500	1,612,147
Net Assets - End of year	\$ 601,907	\$ 143,134	\$ 1,027,238	\$ 1,772,279	\$ 611,149	\$ 56,361	\$ 1,027,238	\$ 1,694,748

Shelter Association of Washtenaw County

Statement of Functional Expenses

Year Ended June 30, 2009

	Program Services	Support Services		Total Support Services	Total
		Management and General	Fund-raising		
Salaries and wages	\$ 941,354	\$ 165,172	\$ 128,079	\$ 293,251	\$ 1,234,605
Employee benefits	96,290	29,031	7,798	36,829	133,119
Payroll taxes	81,433	18,066	7,958	26,024	107,457
Total payroll expenses	1,119,077	212,269	143,835	356,104	1,475,181
Conferences and meetings	455	820	1,001	1,821	2,276
Contracted services	100,500	3,108	-	3,108	103,608
Equipment repair and maintenance	92	104	-	104	196
Insurance	20,975	12,695	-	12,695	33,670
Occupancy - Repair and maintenance	937	-	-	-	937
Occupancy - Utilities	65,768	4,895	-	4,895	70,663
Postage and shipping	668	1,112	9,342	10,454	11,122
Printing and publications	-	2,194	86,232	88,426	88,426
Professional fees	-	14,140	-	14,140	14,140
Specific assistance to individuals	290,813	-	-	-	290,813
Supplies	146,763	7,000	5,789	12,789	159,552
Telephone	4,936	617	617	1,234	6,170
Travel	3,740	2,480	-	2,480	6,220
Other	7,903	9,870	7,762	17,632	25,535
Depreciation	413	22	-	22	435
Total functional expenses	\$ 1,763,040	\$ 271,326	\$ 254,578	\$ 525,904	\$ 2,288,944

Year Ended June 30, 2008

	Program Services	Support Services		Total Support Services	Total
		Management and General	Fund-raising		
Salaries and wages	\$ 909,343	\$ 152,620	\$ 117,391	\$ 270,011	\$ 1,179,354
Employee benefits	78,156	23,406	6,278	29,684	107,840
Payroll taxes	80,882	17,630	7,752	25,382	106,264
Total payroll expenses	1,068,381	193,656	131,421	325,077	1,393,458
Conferences and meetings	568	1,023	30,367	31,390	31,958
Contracted services	52,876	1,635	-	1,635	54,511
Equipment repairs and maintenance	1,125	516	-	516	1,641
Insurance	20,753	12,326	-	12,326	33,079
Occupancy - Repairs and maintenance	922	-	-	-	922
Occupancy - Utilities	65,455	4,780	-	4,780	70,235
Postage and shipping	284	474	5,048	5,522	5,806
Printing and publications	-	1,082	29,198	30,280	30,280
Professional fees	-	10,500	-	10,500	10,500
Specific assistance to individuals	263,521	-	-	-	263,521
Supplies	96,289	3,874	3,204	7,078	103,367
Telephone	8,294	1,037	1,037	2,074	10,368
Travel	3,502	1,933	184	2,117	5,619
Other	14,851	4,996	17,759	22,755	37,606
Total functional expenses	\$ 1,596,821	\$ 237,832	\$ 218,218	\$ 456,050	\$ 2,052,871

Shelter Association of Washtenaw County

Statement of Cash Flows

	Year Ended	
	June 30, 2009	June 30, 2008
Cash Flows from Operating Activities		
Increase in net assets	\$ 77,531	\$ 82,601
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	435	-
Realized and unrealized losses on investments	13,813	1,163
Contributions restricted for endowment	-	(25,738)
Changes in operating assets and liabilities which (used) provided cash:		
Receivables	(2,287)	38,197
Prepaid expenses	(3,226)	(3,513)
Accounts payable	21,314	2,062
Accrued liabilities	(37,108)	4,246
Refundable advance	73,817	14,834
Net cash provided by operating activities	144,289	113,852
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,305)	-
Purchases of investments	(2,808,114)	(3,930,702)
Proceeds from sales and maturities of investments	2,870,872	3,852,216
Net cash provided by (used in) investing activities	59,453	(78,486)
Cash Flows from Financing Activities - Contributions restricted for endowment		
	-	25,738
Net Increase in Cash and Cash Equivalents	203,742	61,104
Cash and Cash Equivalents - Beginning of year	225,337	164,233
Cash and Cash Equivalents - End of year	\$ 429,079	\$ 225,337

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note I - Nature of Business and Significant Accounting Policies

Nature of Organization - Shelter Association of Washtenaw County (the "Shelter Association") is a Michigan nonprofit 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 or similar setting. Sources of revenues are grants and contributions.

Significant accounting policies are as follows:

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting.

Cash Equivalents - The Shelter Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents except for temporary investment funds considered to be part of the investment portfolio.

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, 2009 and 2008.

Investments - Investments in debt and equity securities are recorded at fair value based on quoted market prices.

Classification of Net Assets - Net assets of the Shelter Association are reported in the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed purpose or time restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Unrestricted Net Assets - This portion of the Shelter Association's net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenue earned from unrestricted contributions, investment income available for general operations, and all operating expenses are reported in this category. As of June 30, 2009 and 2008, the board has designated net assets of \$250,000 to be held for emergency expenses.

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note I - Nature of Business and Significant Accounting Policies (Continued)

Temporarily Restricted Net Assets - This portion of the Shelter Association's net assets is limited to uses specified by donor-imposed restrictions or time restrictions. When donor or time restrictions expire or the nature and purpose of the restriction are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Temporarily restricted net assets of \$52,134 and \$56,361 at June 30, 2009 and 2008, respectively, are restricted for use in future periods.

Temporarily restricted net assets of \$91,000 at June 30, 2009 are purpose restricted to be used for salaries for outreach positions during the 2010 and 2011 fiscal years.

Permanently Restricted Net Assets - This portion of the Shelter Association's net assets is required by donor-imposed restrictions to be held in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted by the board unless specifically restricted by the donor or by applicable law.

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.

Donated Services and Assets - 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 \$89,534 and \$31,514 for the years ended June 30, 2009 and 2008, 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, 2009 and 2008 that met the criteria to be recorded.

Federal Income Taxes - The Shelter Association is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has classified the Shelter Association as other than a private foundation.

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Reclassification - Certain 2008 amounts have been reclassified to conform to the 2009 presentation. These reclassifications did not impact net assets.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including September 9, 2009, which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments held at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Cash	\$ 230,883	\$ 1,139,689
Money market funds	146,580	-
Certificates of deposit	639,921	328,526
Mutual funds	374,260	-
Total	<u>\$ 1,391,644</u>	<u>\$ 1,468,215</u>

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note 3 - Grants

The following represents details of grant revenue for the fiscal years ended June 30, 2009 and 2008:

	2009	2008
Washtenaw County - PATH	\$ 98,924	\$ 100,018
Washtenaw County - Emergency	190,000	190,000
Washtenaw County - Health Plan	92,250	95,679
Salvation Army	128,100	95,568
Michigan State Housing and Development Authority (MSHDA) ESG, ESF	57,387	47,823
National Emergency Food and Shelter	24,090	19,886
Washtenaw County Shelter Plus Care flow through City Human Services	298,056	283,767
Corporation for Supportive Housing	19,400	-
Michigan Department of Community Health	4,902	5,435
Foundations and other organizations	278,838	230,973
Washtenaw County Children's Health Services	24,870	7,916
Michigan Coalition Against Homelessness	3,280	-
Total	<u>\$ 1,460,383</u>	<u>\$ 1,317,351</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 is held during the winter of each year and a golf outing is held in May of each year in Washtenaw County. The Sister Yvonne Honorarium was a new event which was held in September 2007. The 25th Anniversary Celebration was held during 2009 to celebrate 25 years of the shelter's operations. 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, 2009 is as follows:

	25th Anniversary Celebration			
	Who's Who	Golf Outing	Total Events	
Total contributed revenue	\$ 133,347	\$ 99,694	\$ 30,600	\$ 263,641
Direct expenses	<u>(36,538)</u>	<u>(20,373)</u>	<u>(9,573)</u>	<u>(66,484)</u>
Net revenue from events	<u>\$ 96,809</u>	<u>\$ 79,321</u>	<u>\$ 21,027</u>	<u>\$ 197,157</u>

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note 4 - Special Fund-raising Events (Continued)

A summary of fund-raising activities during the year ended June 30, 2008 is as follows:

	Sister Yvonne			
	<u>Honorarium</u>	<u>Who's Who</u>	<u>Golf Outing</u>	<u>Total Events</u>
Total contributed revenue	\$ 130,668	\$ 76,820	\$ 39,000	\$ 246,488
Direct expenses	<u>(27,556)</u>	<u>(11,807)</u>	<u>(14,316)</u>	<u>(53,679)</u>
Net revenue from events	<u>\$ 103,112</u>	<u>\$ 65,013</u>	<u>\$ 24,684</u>	<u>\$ 192,809</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.

Note 6 - 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. The Shelter Association received less than \$500,000 in federal grants during the years ended June 30, 2009 and 2008; therefore, an OMB Circular A-133 single audit was not required. Management feels that any liability for reimbursement which could arise as the result of a grantor audit would not be material.

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note 7 - Fair Value

As of July 1, 2008, the Shelter Association adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures for fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS 157 are effective prospectively for periods beginning July 1, 2008 for financial assets and liabilities and for periods beginning July 1, 2009 for nonfinancial assets and liabilities as a result of the deferral of the effective date of SFAS 157 provided by FSP FAS 157-2. The implementation of the provisions of SFAS 157 for financial assets and liabilities as of July 1, 2008 did not have a material impact on the Shelter Association's financial statements.

SFAS 157 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Shelter Association has the ability to access. Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Shelter Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Shelter Association measures all investments at fair value on a recurring basis. The fair value of all investments is based primarily on Level 1 inputs as described above.

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note 8 - Donor and Board Restricted Endowments

The Shelter Association's endowment consists entirely of donor-restricted endowment funds and are 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 or 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

Endowment Net Asset Composition by Type of Fund as of June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ (9,314)	\$ -	\$ 1,027,238	\$ 1,017,924

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note 8 - Donor and Board Restricted Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets -				
Beginning of year	\$ 8,893	\$ -	\$ 1,027,238	\$ 1,036,131
Investment return:				
Investment income	17,197	-	-	17,197
Net realized and unrealized loss	(15,384)	-	-	(15,384)
Total investment return	1,813	-	-	1,813
Appropriation of endowment assets for expenditure	(20,020)	-	-	(20,020)
Endowment net assets - End of year	<u>\$ (9,314)</u>	<u>\$ -</u>	<u>\$ 1,027,238</u>	<u>\$ 1,017,924</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	<u>\$ 8,893</u>	<u>\$ -</u>	<u>\$ 1,027,238</u>	<u>\$ 1,036,131</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets -				
Beginning of year	\$ 7,242	\$ -	\$ 1,001,500	\$ 1,008,742
Investment income	71,845	-	-	71,845
Contributions	-	-	25,738	25,738
Appropriation of endowment assets for expenditure	(70,194)	-	-	(70,194)
Endowment net assets - End of year	<u>\$ 8,893</u>	<u>\$ -</u>	<u>\$ 1,027,238</u>	<u>\$ 1,036,131</u>

Shelter Association of Washtenaw County

Notes to Financial Statements June 30, 2009 and 2008

Note 8 - Donor and Board Restricted Endowments (Continued)

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 \$9,304 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. There were no such deficiencies as of June 30, 2008. 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 insure 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.

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 recommend, annually, an appropriate spending amount which in no event will exceed the investment appreciation including dividends and interest.