

**GOOD SHEPHERD SHELTER OF LOS ANGELES**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**GOOD SHEPHERD SHELTER OF LOS ANGELES  
TABLE OF CONTENTS  
DECEMBER 31, 2015 AND 2014**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1 - 2</b>
<b>FINANCIAL STATEMENTS:</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>4 - 5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>7 - 8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9 - 14</b>

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Good Shepherd Shelter of Los Angeles  
Los Angeles, California

We have audited the accompanying financial statements of Good Shepherd Shelter of Los Angeles (a California Nonprofit Corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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 Good Shepherd Shelter of Los Angeles as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

As described in Note 9 to the financial statements, net assets as of December 31, 2014 were restated to correct errors resulting in an overstatement of the beginning balance of unrestricted net assets.

The 2014 financial statements of Good Shepherd Shelter of Los Angeles were audited by other auditors whose report dated July 15, 2015, expressed an unmodified opinion on those statements.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Pasadena, California  
June 23, 2016

**GOOD SHEPHERD SHELTER OF LOS ANGELES**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014 (RESTATED)**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash	\$ 85,929	\$ 562,465
Accounts receivable	29,300	4,645
Related party receivable (Note 8)	32,308	-
Prepaid expenses and other assets	56,656	26,685
Fund held by Province (Note 3)	1,596,339	1,835,396
Property and equipment, net (Note 4)	1,247,797	1,316,517
Total assets	\$ 3,048,329	\$ 3,745,708
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 37,513	\$ 17,881
Accrued expenses	69,986	19,532
Total liabilities	107,499	37,413
<b>NET ASSETS</b>		
Unrestricted	2,929,729	3,648,353
Temporarily restricted (Note 5)	11,101	59,942
Total net assets	2,940,830	3,708,295
Total liabilities and net assets	\$ 3,048,329	\$ 3,745,708

See accompanying Notes to Financial Statements.

**GOOD SHEPHERD SHELTER OF LOS ANGELES**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions from public	\$ 782,081	\$ 11,101	\$ 793,182
Contributions from the Province	123,077	-	123,077
Contributed Sisters' services	87,500	-	87,500
Support in-kind-volunteers	130,630	-	130,630
Net assets released from restrictions (Note 5)	59,942	(59,942)	-
Total support	<u>1,183,230</u>	<u>(48,841)</u>	<u>1,134,389</u>
Losses from fund held by Province	(38,962)	-	(38,962)
Program service fee	11,854	-	11,854
Rental income	14,898	-	14,898
Other income	14,597	-	14,597
Total revenue	<u>2,387</u>	<u>-</u>	<u>2,387</u>
Total support and revenue	<u>1,185,617</u>	<u>(48,841)</u>	<u>1,136,776</u>
<b>EXPENSES</b>			
Program services	1,302,852	-	1,302,852
Management and general	398,232	-	398,232
Fundraising	203,157	-	203,157
Total expenses	<u>1,904,241</u>	<u>-</u>	<u>1,904,241</u>
<b>CHANGE IN NET ASSETS</b>	(718,624)	(48,841)	(767,465)
<b>NET ASSETS - Beginning of Year</b>	<u>3,648,353</u>	<u>59,942</u>	<u>3,708,295</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 2,929,729</u>	<u>\$ 11,101</u>	<u>\$ 2,940,830</u>

See accompanying Notes to Financial Statements.

**GOOD SHEPHERD SHELTER OF LOS ANGELES**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014 (RESTATED)**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions from public	\$ 844,600	\$ 514,003	\$ 1,358,603
Contributions from the Province	87,666	-	87,666
Contributed Sisters' services	205,280	-	205,280
Support in-kind-volunteers	108,486	-	108,486
Donations in-kind	206,705	-	206,705
Net assets released from restrictions (Note 5)	456,311	(456,311)	-
Total support	<u>1,909,048</u>	<u>57,692</u>	<u>1,966,740</u>
Income from fund held by Province	87,824	-	87,824
Program service fee	8,164	-	8,164
Rental income	29,798	-	29,798
Other losses	(1,954)	-	(1,954)
Total revenue	<u>123,832</u>	<u>-</u>	<u>123,832</u>
Total support and revenue	<u>2,032,880</u>	<u>57,692</u>	<u>2,090,572</u>
<b>EXPENSES</b>			
Program services	975,337	-	975,337
Management and general	273,916	-	273,916
Fundraising	213,443	-	213,443
Total expenses	<u>1,462,696</u>	<u>-</u>	<u>1,462,696</u>
<b>CHANGE IN NET ASSETS</b>	<u>570,184</u>	<u>57,692</u>	<u>627,876</u>
<b>NET ASSETS - Beginning of year, as previously reported</b>	3,141,871	2,250	3,144,121
Cumulative impact of restatement (Note 9)	(63,702)	-	(63,702)
<b>NET ASSETS - Beginning of year, as restated</b>	<u>3,078,169</u>	<u>2,250</u>	<u>3,080,419</u>
<b>NET ASSETS - End of year</b>	<u>\$ 3,648,353</u>	<u>\$ 59,942</u>	<u>\$ 3,708,295</u>

See accompanying Notes to Financial Statements.

**GOOD SHEPHERD SHELTER OF LOS ANGELES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (RESTATED)**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (767,465)	\$ 627,876
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	96,683	75,414
Donated fixed assets	-	(211,705)
Contribution received for mortgage payment	-	(250,000)
Change in assets and liabilities:		
Accounts receivable	(24,655)	11,950
Related party receivable	(32,308)	-
Prepaid expenses and other assets	(29,971)	(172)
Fund held by Province	239,057	(83,219)
Accounts payable	19,632	9,387
Accrued expenses	50,454	-
	(448,573)	179,531
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(27,963)	(9,446)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contribution received for mortgage payment	-	250,000
Payments on note payable	-	(270,610)
	-	(20,610)
<b>NET (DECREASE) INCREASE IN CASH</b>	(476,536)	149,475
<b>CASH - BEGINNING OF YEAR</b>	562,465	412,990
<b>CASH - END OF YEAR</b>	\$ 85,929	\$ 562,465
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ -	\$ 4,430

See accompanying Notes to Financial Statements.



**GOOD SHEPHERD SHELTER OF LOS ANGELES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services	Management and General	Fundraising	Total
Conferences, conventions, and meetings	\$ 490	\$ 787	\$ 4,586	\$ 5,863
Depreciation	64,455	32,228	-	96,683
Equipment maintenance and rental	5,639	1,723	593	7,955
Fundraising	-	-	21,835	21,835
Local transportation/vehicle	22,409	3,305	1,235	26,949
Miscellaneous	78,017	4,148	4,001	86,166
Occupancy	74,528	19,514	5,839	99,881
Payroll taxes and employee benefits	144,058	51,451	35,763	231,272
Professional fees and contracted services	94,404	54,339	1,810	150,553
Salaries	598,097	213,219	121,938	933,254
Sisters' services	69,168	14,664	3,668	87,500
Supplies	20,957	2,854	1,889	25,700
Support in-kind-volunteers	130,630	-	-	130,630
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,302,852</b>	<b>\$ 398,232</b>	<b>\$ 203,157</b>	<b>\$ 1,904,241</b>

See accompanying Notes to Financial Statements.

**GOOD SHEPHERD SHELTER OF LOS ANGELES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014 (RESTATED)**

	Program Services	Management and General	Fundraising	Total
Conferences, conventions, and meetings	\$ 8,910	\$ 5,707	\$ 2,577	\$ 17,194
Depreciation	51,282	18,853	5,279	75,414
Equipment maintenance and rental	3,827	2,660	-	6,487
Fundraising	-	-	89,207	89,207
Interest	-	4,430	-	4,430
Local transportation/vehicle	7,725	-	-	7,725
Miscellaneous	4,360	12,096	-	16,456
Occupancy	64,501	23,714	6,639	94,854
Payroll taxes and employee benefits	90,600	24,650	17,987	133,237
Professional fees and contracted services	948	17,750	-	18,698
Salaries	442,384	121,245	91,754	655,383
Sisters' services	184,752	20,528	-	205,280
Supplies	7,562	22,283	-	29,845
Support in-kind-volunteers	108,486	-	-	108,486
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 975,337</b>	<b>\$ 273,916</b>	<b>\$ 213,443</b>	<b>\$ 1,462,696</b>

See accompanying Notes to Financial Statements.

**GOOD SHEPHERD SHELTER OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**1. THE ORGANIZATION**

The Good Shepherd Shelter of Los Angeles (the Program) is a California not-for-profit corporation engaged in the shelter, care, education, and counseling of battered women and their children.

The Program is governed by an independent Board of Directors with power to conduct regular business of the Program. The apostolic leadership team of the Sisters of the Good Shepherd Province of Mid-North America are the members of the Program and maintain certain reserved powers.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation

The financial statements of the Program have been prepared on the accrual basis of accounting to conform to generally accepted accounting principles as applicable to volunteer health and welfare programs. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Program and changes therein have been classified and are reported as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period; and net assets designated by the Board of Directors or management for specific purposes.

Temporarily Restricted Net Assets – Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Program and/or by the expiration of stipulated time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Program. The Program currently has no permanently restricted net assets.

Pooled Investment

Pooled investment, stated at fair value, is deposited in a pooled investment account with the Sisters of the Good Shepherd Province of Mid-North America.

**GOOD SHEPHERD SHELTER OF LOS ANGELES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and Equipment

Property and equipment which is purchased is stated at cost; assets acquired by gift are stated at fair value at the date of acquisition. All expenditures in excess of \$1,000 are capitalized. The Program uses the straight-line method for the computation of depreciation of long-lived assets according to the following schedule of useful lives:

	Years
Land improvements	10
Building and improvements	5 - 37.5
Equipment	5 - 15
Vehicles	5

Credit Concentration

Financial instruments that potentially subject the Program to concentration of credit risk are cash and fund held by Province. The Program's cash, at times, may exceed insured limits, and balances on deposit with the Province are not insured. The Program has not experienced any credit losses in such accounts. The Program believes it is not exposed to any significant credit risk on its cash accounts and pooled investment.

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurement and Disclosure* establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level III measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**GOOD SHEPHERD SHELTER OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income Taxes

The Program is a nonprofit, tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income and state franchise taxes on related income pursuant to Section 501(a) of the Code and similar provisions of the California Franchise Tax Code. The Program does not engage in any significant unrelated trades or businesses. Accordingly, no provision for income taxes is required.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Program are more likely than not to be sustained upon examination. The returns are subject to examination by federal and state taxing authorities generally three and four years, respectively, after they are filed.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

The Good Shepherd Shelter of Los Angeles reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor 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 statements of activities as net assets released from restrictions.

Non-cash Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Program. Other non-cash donations are recorded as contributions at their fair value at the date of donation.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

Subsequent Events

Subsequent events have been evaluated through June 23, 2016, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosure in these financial statements.

**GOOD SHEPHERD SHELTER OF LOS ANGELES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**3. FUND HELD BY PROVINCE**

Fund held by Province, stated at fair value, is deposited in a pooled investment account with the Sisters of the Good Shepherd Province of Mid-North America and is classified as level 2 in the fair value measurement.

**4. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2015 and 2014 are as follows:

	2015	2014
Land improvements	\$ 389,936	\$ 389,936
Building and improvements	2,005,338	2,005,338
Equipment	391,258	363,295
Vehicles	120,284	120,284
	2,906,816	2,878,853
Less: accumulated depreciation	(1,659,019)	(1,562,336)
	\$ 1,247,797	\$ 1,316,517

**5. TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2015 and 2014, temporarily restricted net assets are available for the following purposes:

	2015	2014
New apartment	\$ 11,101	\$ -
GSV	-	22,352
Volunteer program	-	20,000
Phone system	-	10,000
Disneyland	-	6,000
Erick and speech therapy	-	1,590
	\$ 11,101	\$ 59,942

**GOOD SHEPHERD SHELTER OF LOS ANGELES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**5. TEMPORARILY RESTRICTED NET ASSETS (continued)**

For the years ended December 31, 2015 and 2014, temporarily restricted net assets released, by meeting donor imposed stipulations and expiration of time, and were as follows:

	2015	2014
GSV	\$ 22,352	\$ 12,648
Volunteer program	20,000	5,000
Phone system	10,000	-
Disneyland	6,000	6,000
Erick and speech therapy	1,590	-
Mortgage payment	-	250,000
School	-	168,563
Learning center	-	10,000
Earthquake supplies	-	2,250
Gate/shelter	-	1,850
	\$ 59,942	\$ 456,311

**6. LINE OF CREDIT**

On December 2, 2015, the Program entered into a line of credit agreement with a financial institution, which allowed for maximum borrowings of \$100,000, maturing November 16, 2016. The line of credit bears fixed interest rate at 4.25%. The line of credit is secured by real property. As of December 31, 2015, there was no amount outstanding under this line of credit.

**7. RETIREMENT PLAN**

The Program participates in the Christian Brothers Employee Retirement Plan, a multi-employer defined contribution plan covering all regular full-time employees. Employees can make tax-deferred contributions up to statutory amounts. Effective October 2010, the Program no longer contributes to the plan.

**8. RELATED PARTY TRANSACTION**

The Program received reimbursements from The Sisters of Good Shepherd Province of Mid-North America for the Director of Institutional Advancement's salary and other operating costs in 2015 and Program's Director of Development in 2014 on a quarterly basis. Total reimbursements were \$140,612 and \$87,207 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015, the balance due to the Program was \$32,308.

**GOOD SHEPHERD SHELTER OF LOS ANGELES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**9. RESTATEMENT OF FINANCIAL STATEMENTS**

Revenues, expenses, and beginning net assets as of and for the year ended December 31, 2014, presented in these financial statements, have been restated to correct for errors, as follows:

	<u>As Previously Reported</u>	<u>Adjustments and Reclassification</u>	<u>As Restated</u>
<u>Statement of Financial Position</u>			
Property and equipment, net	\$ 1,388,007	\$ (71,490) a	\$ 1,316,517
Total liabilities	37,396	17	37,413
Unrestricted net assets	3,719,860	(71,507)	3,648,353
<u>Statement of Activities and Changes in Net Assets</u>			
Support in-kind-volunteers	\$ 313,135	\$ (204,649) b	\$ 108,486
Donations in-kind	647,505	(440,800) c	206,705
Total expenses	2,100,340	(637,644)	1,462,696
Change in net assets	635,681	(7,805)	627,876
<u>Statement of Cash Flows</u>			
Cash flow from operating activities:			
Depreciation	\$ 67,626	\$ 7,788	\$ 75,414
Contribution received for mortgage paymer	-	(250,000)	(250,000)
Cash flow from financing activities:			
Contribution received for mortgage paymer	-	250,000	250,000
<u>Statement of Functional Expenses</u>			
Depreciation expense	\$ 67,626	\$ 7,788	\$ 75,414
Support in-kind-volunteers	284,380	(175,894) b	108,486
Professional fees and contracted services	12,698	6,000	18,698
Specific assistance to individuals-in-kind	482,203	(482,203) c	-
Other expenses	1,253,433	6,665	1,260,098
 Total expenses	 2,100,340	 (637,644)	 1,462,696

a - Property and equipment is restated to correct depreciation error related to the Murphy Building.

b - Support in-kind-volunteers is restated to correct errors related to overstatement of donated services from volunteers.

c - Donations in-kind is restated to correct errors related to donated goods with no residual value.