

**UNION COUNTY
COMMUNITY SHELTER**

AUDITED FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2018 and 2017**

CONTENTS

	Pages
Financial Statements:	
Independent Auditors' Report.....	1
Statement of Financial Position	2-3
Statement of Activities and Net Assets.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Union County Community Shelter

We have audited the accompanying financial statements of Union County Community Shelter (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union County Community Shelter as of June 30, 2018 and 2017, and the activities, net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moyer, Smith, & Roller, P.A.
Monroe, North Carolina
October 1, 2018

Moyer, Smith & Roller, P.A.

UNION COUNTY COMMUNITY SHELTER
Statements of Financial Position
As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 139,768	\$ 144,001
Restricted Cash-Building Fund	1,790,319	1,357,491
Accounts Receivable - Net		
Grants Receivable	1,194,201	1,500,000
Pledges - Building Fund	369,802	500,948
Pledges - Other	15,350	17,570
Other	69,531	34,123
Sales Tax Receivable	1,266	1,564
Prepaid Expense	8,652	6,286
Employee Loans	563	-
	<u>3,589,452</u>	<u>3,561,983</u>
Total Current Assets		
Property, Plant and Equipment		
Leasehold Improvements	160,080	160,080
Buildings	362,988	13,458
Furniture and Equipment	90,964	86,214
Transportation Equipment	9,500	9,500
	<u>623,532</u>	<u>269,252</u>
Less Accumulated Depreciation	<u>(142,990)</u>	<u>(129,745)</u>
	<u>480,542</u>	<u>139,507</u>
Net Property, Plant and Equipment		
Other Assets		
Building Fund Receivables, net	<u>163,249</u>	<u>515,352</u>
Total Other Assets	<u>163,249</u>	<u>515,352</u>
Total Assets	<u><u>\$ 4,233,243</u></u>	<u><u>\$ 4,216,842</u></u>

See Independent Auditors' Report and Notes to Financial Statements.

UNION COUNTY COMMUNITY SHELTER
Statements of Financial Position
As of June 30, 2018 and 2017

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
Current Liabilities		
Accounts Payable	\$ 7,061	\$ 8,189
Accrued Salaries and Wages	22,648	12,219
Other	<u>5,175</u>	<u>5,383</u>
Total Current Liabilities	<u>34,884</u>	<u>25,791</u>
Net Assets		
Unrestricted Net Assets	316,146	317,261
Temporarily Restricted Net Assets	3,882,213	3,873,790
Permanently Restricted Net Assets	<u>-</u>	<u>-</u>
Total Net Assets	<u>4,198,359</u>	<u>4,191,051</u>
Total Liabilities and Net Assets	<u><u>\$ 4,233,243</u></u>	<u><u>\$ 4,216,842</u></u>

UNION COUNTY COMMUNITY SHELTER
Statements of Activities and Net Assets
For the Years Ended June 30, 2018 and 2017

	2018				2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted		Unrestricted	Temporarily Restricted	Permanently Restricted		Total
			Restricted	Total			Restricted	Total	
Support and Revenues:									
Contributions	\$ 195,320	\$ 42,947	\$ -	\$ 238,267	\$ 192,851	\$ 1,312,447	\$ -	\$ 1,505,298	
Contributions of Facility Rent and Utilities	50,916	-	-	50,916	44,916	-	-	44,916	
Grants - Private Foundations	199,078	-	-	199,078	238,144	606,667	-	844,811	
Grants - Governmental Units	217,778	-	-	217,778	107,259	1,500,000	-	1,607,259	
United Way Allocations	99,514	-	-	99,514	102,156	-	-	102,156	
Fundraisers	231,781	-	-	231,781	227,095	-	-	227,095	
Total Support and Revenues	994,387	42,947	-	1,037,334	912,421	3,419,114	-	4,331,535	
Other Income and Reclassifications									
Interest Income	-	15,480	-	15,480	-	8,448	-	8,448	
Miscellaneous Income	1,174	-	-	1,174	802	-	-	802	
Capital Operating Revenue	-	-	-	-	-	-	-	-	
Reclassifications	50,004	(50,004)	-	-	55,890	(55,890)	-	-	
Total Other Income	51,178	(34,524)	-	16,654	56,692	(47,442)	-	9,250	
TOTAL SUPPORT REVENUE AND RECLASSIFICATION	1,045,565	8,423	-	1,053,988	969,113	3,371,672	-	4,340,785	
Expenses:									
Program Services	800,216	-	-	800,216	659,526	-	-	659,526	
Supporting, Management, and General	163,485	-	-	163,485	171,618	18,048	-	189,666	
Fundraising	82,979	-	-	82,979	79,145	-	-	79,145	
Total Expenses	1,046,680	-	-	1,046,680	910,289	18,048	-	928,337	
Change in Net Assets	(1,115)	8,423	-	7,308	58,824	3,353,624	-	3,412,448	
Net Assets, Beginning of Year	317,261	3,873,790	-	4,191,051	258,437	520,166	-	778,603	
Net Assets, End of Year	\$ 316,146	\$ 3,882,213	\$ -	\$ 4,198,359	\$ 317,261	\$ 3,873,790	\$ -	\$ 4,191,051	

UNION COUNTY COMMUNITY SHELTER
Statement of Functional Expenses
For the Years Ended June 30, 2018 and 2017

	2018			2017				
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries	\$ 420,398	\$ 73,570	\$ 31,530	\$ 525,498	\$360,428	\$ 90,107	\$ 33,791	\$484,326
Employee Insurance	47,442	8,302	3,558	59,302	38,932	9,733	250	48,915
Payroll Taxes	33,142	5,800	2,486	41,428	30,989	7,747	2,906	41,642
Total Personnel	500,982	87,672	37,574	626,228	430,349	107,587	36,947	574,883
Emergency Family Shelter	42,929	-	-	42,929	51,061	-	-	51,061
Re-Housing Costs	69,066	-	-	69,066	17,301	-	-	17,301
Specific Client Assistance	16,626	-	-	16,626	8,030	-	-	8,030
Rent	19,416	6,000	-	25,416	19,133	4,783	-	23,916
Utilities	25,500	3,475	-	28,975	20,400	5,100	-	25,500
Insurance	13,417	2,891	-	16,308	13,588	3,397	-	16,985
Food & Supplies	19,863	4,813	-	24,676	33,104	-	-	33,104
Repairs & Maintenance	14,447	-	-	14,447	17,388	1,932	-	19,320
Telephone	11,459	1,273	-	12,732	10,276	2,569	-	12,845
Office Expense	9,657	1,614	-	11,271	8,850	983	-	9,833
Equipment Rental	5,480	1,294	-	6,774	3,980	995	-	4,975
Postage	2,020	225	-	2,245	1,406	351	-	1,757
Travel	2,059	229	-	2,288	1,047	116	-	1,163
Vehicle Expense	5,442	604	-	6,046	3,863	429	-	4,292
Fundraising Expenses	-	-	45,405	45,405	-	-	42,198	42,198
Licenses & Fees	797	-	-	797	-	359	-	359
Dues & Subscriptions	599	599	-	1,198	405	405	-	810
Professional Services	17,926	46,624	-	64,550	-	39,907	-	39,907
Training	4,733	530	-	5,263	2,655	295	-	2,950
Capital Campaign Expenses	-	-	-	-	-	18,048	-	18,048
Bad Debt	4,467	496	-	4,963	945	105	-	1,050
Miscellaneous	1,410	3,821	-	5,231	4,004	1,001	-	5,005
Total Expenses before Depreciation	788,295	162,160	82,979	1,033,434	647,785	188,362	79,145	915,292
Depreciation	11,921	1,325	-	13,246	11,741	1,304	-	13,045
Total Expenses	\$ 800,216	\$ 163,485	\$ 82,979	\$ 1,046,680	\$659,526	\$ 189,666	\$ 79,145	\$928,337

See Independent Auditors' Report and Notes to Financial Statements.

UNION COUNTY COMMUNITY SHELTER
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flow from Operating Activities:		
Change in Net Assets	\$ 7,308	\$ 3,412,448
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	13,246	13,045
In Kind Donations/Expenses net	3,475	4,368
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(33,188)	(5,779)
Sales Tax Receivable	298	(176)
Prepaid Expenses	(2,366)	(1,957)
Employee Loans	(563)	-
Accounts Payable	(1,151)	(2,184)
Accrued Salaries and Wages	10,356	(21,933)
Other Liabilities	(135)	1,355
	(2,720)	3,399,187
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(357,733)	(10,631)
(Increase)/Decrease in Restricted Building Fund Cash	(432,828)	(837,325)
(Increase)/Decrease in Building Fund Receivables	789,048	(2,516,300)
	(1,513)	(3,364,256)
Net Cash Provided (Used) by Investing Activities		
	(4,233)	34,931
Net Increase (Decrease) in Cash		
	144,001	109,070
Cash, Beginning of Year		
	\$ 139,768	\$ 144,001
Cash, End of Year		
	\$ 139,768	\$ 144,001
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ -	\$ -

See Independent Auditors' Report and Notes to Financial Statements.

UNION COUNTY COMMUNITY SHELTER
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Union County Community Shelter (the Organization) is a non-profit organization located in Union County, North Carolina. The mission of the Organization is to provide food, shelter and instruction to those individuals and families in need within the community. The Organization promotes a pathway to self-sufficiency which includes income stabilization and permanent housing.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958-205-55, *Not-for-Profit Entities-Presentation of Financial Statements-Implementation Guidance and Illustrations*. Under FASB ASC 958-205-55, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the corresponding liability is incurred.

Income Tax

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue service as other than a private foundation.

The Organization's Forms 990, Returns of Organization Exempt from Income Tax, for the years ending June 30, 2015 – June 30, 2018 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid unrestricted investments with maturities of three months or less to be cash equivalents.

UNION COUNTY COMMUNITY SHELTER
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Accounts Receivable (Promises to Give)

During the year, the Organization conducts various fund raising campaigns. Donors make unconditional promises to give. These unconditional promises to give are recognized in the fiscal year that the pledges were made. The donor can make such donations as unrestricted, temporarily restricted or permanently restricted. When a restriction expires the net assets are reclassified to unrestricted net assets. The Shelter uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. For the year ended June 30, 2018 and 2017 management has determined that a provision for uncollectible accounts is necessary.

For the years ended June 30, 2018 and 2017, accounts receivable totaled \$84,881 and \$51,693 of which \$15,350 and \$17,570 was pledges receivable and \$69,531 and \$34,123 was other receivables. Management has determined that a \$3,000 allowance for uncollectible accounts is appropriate. Accounts receivable at June 30, 2018 and 2017, net of the allowance for uncollectible accounts totaled \$84,881 and \$51,693, respectively.

Building Fund

During the fiscal year ended June 30, 2016, the Organization began collecting funds for the purpose of building a new facility. Such funds are considered to be temporarily restricted net assets for that project and maintained in a separate bank account. This is reflected as restricted cash of \$1,790,319 and \$1,357,491 in the Organization's statements of financial position as of June 30, 2018 and 2017, respectively. Interest income earned on those funds during the year ended June 30, 2018 and 2017 was \$15,480 and \$8,448, respectively.

The Organization began soliciting pledges to donate to the project during the year ended June 30, 2017. Those pledges are recognized as pledges receivable when a donor makes a promise that is, in substance, unconditional to give cash or property to the Organization. They are considered as temporarily restricted support and are recorded at their estimated fair value. All are substantially due in the next three years. 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.

UNION COUNTY COMMUNITY SHELTER
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassified temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line and accelerated methods over the estimated useful lives of the assets as follows:

Leasehold improvements	39 – 40 years
Furniture and equipment	5 – 10 years
Transportation equipment	5 years

Depreciation expense totaled \$13,246 and 13,045 for the year ended June 30, 2018 and 2017, respectively.

Contributions and Grants

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Facilities and Services

Certain amounts have been reflected in the financial statements for donated services and facilities. During the year ended June 30, 2018 and 2017 the City of Monroe and others provided the use of the shelter facility and necessary utilities to the Organization without charge. These donations are included in the Statement of Activities. For the year ended June 30, 2018 and 2017 the value of the donated facility rent and utilities was estimated to be \$50,916 and \$44,916, respectively. In addition, a number of volunteers donated substantial amounts of their time to the Organization's program services. No amounts have been reflected in the financial statements for these donated services since no objective basis is available to measure the value of such services. Estimated hours donated to the Organization was approximately 16,640 and 15,378 hours for the years ended June 30, 2018 and 2017, respectively.

UNION COUNTY COMMUNITY SHELTER
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization expensed advertising costs as incurred.

Functional Expense Classification

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

NOTE 2 – PLEDGES AND GRANTS RECEIVABLE

Pledges outstanding consisted of the following as of June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 375,053	\$ 500,948
Due in 1 to 5 years	<u>166,356</u>	<u>542,195</u>
Subtotal	541,409	1,043,143
Less discount to net present value	(778)	(1,412)
Less allowance for uncertain pledges	<u>(7,580)</u>	<u>(25,431)</u>
Pledges Receivable, net	533,051	1,016,300
Current Portion, net	<u>369,802</u>	<u>500,948</u>
Long-Term, net	<u>\$ 163,249</u>	<u>\$ 515,352</u>

The Grant Receivable is a State of North Carolina Grant which was issued to Union County as a pass through grant to Union County Community Shelter for the construction of a new homeless facility. The grant is a re-imbusement grant and funds are disbursed on a monthly basis as the Shelter expends the funds. As of June 30, 2018 and 2017 unexpended funds were \$1,194,201 and \$1,500,000 and are reflected in the Shelter's financial statements as Grants Receivable.

NOTE 3 – PREPAID EXPENSES

Prepaid expenses consisted of unexpired insurance costs, which are recorded as expense within the following twelve month period.

NOTE 4 – ACCRUED SALARIES and WAGES

Accrued salaries and wages at June 30, 2018 and 2017 consist of amounts earned by employees but not paid until July 2018 and 2017. Also, included is vested vacation time at June 30, 2018 and 2017.

UNION COUNTY COMMUNITY SHELTER
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

NOTE 5 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances and time deposits in various accounts at multiple financial institutions. At June 30, 2018 and 2017, the Company’s cash balance available for operations totaled \$139,768 and \$144,001, respectively. As of June 30, 2018 and 2017, \$1,681,336 and \$1,246,061 respectively, represents funds on deposit in excess of the \$250,000 insurance coverage limit established by the FDIC.

NOTE 6 – FUNDING SOURCES AND CURRENT VULNERABILITY DUE TO CONCENTRATIONS

The Organization received significant amounts of support from the Emergency Shelter Grant Program of the State of North Carolina, Union County, the United Way and several Foundations (approximately 52%) during the year ended June 30, 2018 and 2017. The support available from the grantors is reviewed annually by the grantors.

The Organization has adopted FASB ASC275, Disclosure of Certain Significant Risks and Uncertainties which requires disclosure of vulnerable concentrations of exposed risk. Cessation or major reduction of support from the grantors could have a negative impact on the Organization and its ability to continue operations. The Organization does not expect the support from these grantors will be lost in the near-term. The remainder of the Organization’s revenue and support is provided by small grants and contributions from other donors. The loss of revenue from one or more of these other donors would not cause a severe impact on the Organization and its ability to continue operations.

NOTE 7 – LEASE COMMITMENTS

The Organization’s use of its offices and facilities are donated by the City of Monroe, as stated in Note 1.

The Organization also leased its office copier under an agreement classified as an operating lease. The lease agreement, dated July 28, 2017, states a base monthly rental of \$225 plus applicable taxes for a term of 39 months beginning August 2018. Additional charges are applicable monthly based on the volume of copies. Lease expense totaled \$2,700 and \$2,700 for the year ending June 30, 2018 and 2017, respectively.

Future annual minimum lease commitments under operating lease agreements are as follows:

June 30, 2019	\$2,700
June 30, 2020	\$2,700
June 30, 2021	\$2,700
June 30, 2022	\$ 675

UNION COUNTY COMMUNITY SHELTER
Notes to Financial Statements (Continued)
June 30, 2018 and 2017

NOTE 8 – RELATED PARTY TRANSACTIONS

Various board members and related parties made contributions of unstated amounts throughout the year of funds, goods and services for the benefit of the Organization.

NOTE 9 – DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through October 1, 2018, the date the financial statements were available to be issued.

October 1, 2018

To the Board of Directors
Union County Community Shelter

We have audited the financial statements of Union County Community Shelter for the year ended June 30, 2018, and have issued our report thereon dated October 1, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 18, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Union County Community Shelter are described in Note Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the uncollectible accounts and pledges receivable is based on the current year financial results and historical trends. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of Union County Community Shelter in Note 2 and 6 to the financial statements at June 30, 2018.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 1, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and management of Union County Community Shelter and is not intended to be and should not be used by anyone other than these specified parties.

Moyer, Smith + Roller, P.A.

Moyer, Smith & Roller, P.A.
Monroe, North Carolina
October 1, 2018

To the Board of Directors
Union County Community Shelter

In planning and performing our audit of the financial statements of Union County Community Shelter as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Union County Community Shelter's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Union County Community Shelter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Community Shelter's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors and others within Union County Community Shelter, and is not intended to be and should not be used by anyone other than these specified parties.

Moyer, Smith & Roller, P.A.

Moyer, Smith & Roller, P.A.
Monroe, North Carolina
October 1, 2018