

Hawthorn Hill  
INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
Years ended June 30, 2014 and 2013

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DAVID L. MCSORLEY  
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hawthorn Hill  
Des Moines, Iowa

I have audited the accompanying financial statements of Hawthorn Hill which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, 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*

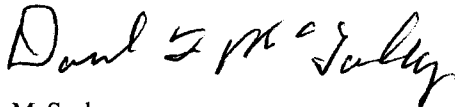
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hawthorn Hill as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



David L. McSorley  
Certified Public Accountant

October 29, 2014

Hawthorn Hill  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 27,033	\$ 21,920
Funds held by others	271,615	185,219
Certificates of deposit	30,126	30,050
Government grants receivable	14,889	28,088
Promises to give (note 2)	9,000	34,000
Other receivables	7,127	5,998
Prepaid expenses	8,647	7,785
Beneficial interest in assets held by others (note 3)	5,999	5,424
Property and equipment, net of accumulated depreciation of \$1,009,800 in 2014 and \$920,908 in 2013 (note 5)	<u>1,528,443</u>	<u>1,469,834</u>
Total assets	<u>\$ 1,902,879</u>	<u>\$ 1,788,318</u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 46,619	\$ 35,026
Advances	23,334	-
Note payable (note 6)	8,123	10,833
Client escrow	18,104	11,911
Tenant security deposits	<u>6,650</u>	<u>4,550</u>
Total liabilities	<u>102,830</u>	<u>62,320</u>
<b>Net assets</b>		
Unrestricted net assets	1,785,050	1,686,574
Temporarily restricted net assets (note 7)	9,899	34,324
Permanently restricted net assets (note 7)	<u>5,100</u>	<u>5,100</u>
Total net assets	<u>1,800,049</u>	<u>1,725,998</u>
Total liabilities and net assets	<u>\$ 1,902,879</u>	<u>\$ 1,788,318</u>

See notes to financial statements

Hawthorn Hill  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenues and support</b>				
Contributions	\$ 298,380	\$ -	\$ -	\$ 298,380
Iowa Annual Conference	9,000	9,000	-	18,000
United Way	80,000	-	-	80,000
United Way – other	55,330	-	-	55,330
Government operating grants	115,687	-	-	115,687
Program fees	108,024	-	-	108,024
Contracts	15,000	-	-	15,000
Investment return	( 9)	575	-	566
Other income	5,640	-	-	5,640
Net assets released from restrictions	34,000	( 34,000)	-	-
<b>Total operating revenues and support</b>	<b>721,052</b>	<b>( 24,425)</b>	<b>-</b>	<b>696,627</b>
<b>Expenses:</b>				
<b>Program services</b>				
New Directions Shelter	276,794	-	-	276,794
United Way - Other	44,035	-	-	44,035
The Home Connection	284,179	-	-	284,179
<b>Support services</b>				
Management and general	91,361	-	-	91,361
Fund raising	14,127	-	-	14,127
<b>Total operating expenses</b>	<b>710,496</b>	<b>-</b>	<b>-</b>	<b>710,496</b>
<b>Deficiency of operating revenues and support over operating expenses</b>	<b>10,556</b>	<b>( 24,425)</b>	<b>-</b>	<b>( 13,869)</b>
<b>Nonoperating revenues and support</b>				
Contributions and grants for capital acquisition	87,920	-	-	87,920
<b>Total nonoperating revenues and support</b>	<b>87,920</b>	<b>-</b>	<b>-</b>	<b>87,920</b>
<b>Change in net assets</b>	<b>98,476</b>	<b>( 24,425)</b>	<b>-</b>	<b>74,051</b>
Net assets June 30, 2013	1,686,574	34,324	5,100	1,725,998
<b>Net assets June 30, 2014</b>	<b>\$ 1,785,050</b>	<b>\$ 9,899</b>	<b>\$ 5,100</b>	<b>\$ 1,800,049</b>

See notes to financial statements

Hawthorn Hill  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and support				
Contributions	\$ 279,619	\$ -	\$ 100	\$ 279,719
Iowa Annual Conference	9,000	9,000	-	18,000
United Way	79,000	-	-	79,000
United Way – employee collaborative	41,945	-	-	41,945
Government operating grants	151,661	-	-	151,661
Program fees	71,769	-	-	71,769
Contracts	15,000	-	-	15,000
Investment return	92	323	-	415
Other income	6,381	-	-	6,381
Net assets released from restrictions	15,650	( 15,650)	-	-
Total operating revenues and support	<u>670,117</u>	<u>( 6,327)</u>	<u>100</u>	<u>663,890</u>
Expenses:				
Program services				
New Directions Shelter	262,078	-	-	262,078
Employee Collaborative	38,574	-	-	38,574
The Home Connection	275,563	-	-	275,563
Support services				
Management and general	87,776	-	-	87,776
Fund raising	20,387	-	-	20,387
Total operating expenses	<u>684,378</u>	<u>-</u>	<u>-</u>	<u>684,378</u>
Excess (deficiency) of operating revenues and support over operating expenses	( 14,261)	( 6,327)	100	( 20,488)
Nonoperating revenues and support				
Contributions and grants for capital acquisition	187,517	25,000	-	212,517
Total nonoperating revenues and support	<u>187,517</u>	<u>25,000</u>	<u>-</u>	<u>212,517</u>
Change in net assets	173,256	18,673	100	192,029
Net assets June 30, 2012	1,513,318	15,651	5,000	1,533,969
Net assets June 30, 2013	<u>\$ 1,686,574</u>	<u>\$ 34,324</u>	<u>\$ 5,100</u>	<u>\$ 1,725,998</u>

See notes to financial statements

Hawthorn Hill  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2014

	Program Services			Support Services				
	New Directions Shelter	Other United Way	The Home Connection			Management and General	Fund Raising	Total
			Property Management	Supportive	Total			
Salaries and benefits								
Salaries	\$ 184,177	\$ 30,099	\$ 50,050	\$ 81,894	\$ 131,944	\$ 22,269	\$ 6,369	\$ 374,858
Employee benefits	8,937	8,222	10,529	14,518	25,047	8,571	987	51,764
Payroll taxes	15,505	2,502	4,215	6,920	11,135	1,864	532	31,538
	208,619	40,823	64,794	103,332	168,126	32,704	7,888	458,160
Accounting	-	183	-	-	-	20,404	-	20,587
Consulting	470	-	-	-	-	910	1,414	2,794
Client assistance	69	2,606	-	-	-	-	-	2,675
Office supplies	145	-	98	-	98	4,877	2	5,122
Telephone	2,127	-	1,335	1,334	2,669	2,256	-	7,052
Postage	106	-	106	-	106	1,008	1,184	2,404
Maintenance	14,669	-	16,537	-	16,537	1,630	-	32,836
Utilities	12,172	-	9,368	-	9,368	1,352	-	22,892
Depreciation	21,424	-	65,087	-	65,087	2,380	-	88,891
Printing	114	-	-	116	116	889	3,639	4,758
Transportation	2,171	423	4,356	2,261	6,617	2,213	-	11,424
Continuing education	1,467	-	-	215	215	1,288	-	2,970
Food and supplies	3,111	-	-	420	420	-	-	3,531
Insurance	9,084	-	13,626	-	13,626	9,733	-	32,443
Public relations	96	-	-	96	96	487	-	679
Professional fees	-	-	-	197	197	7,654	-	7,851
Other	950	-	901	-	901	1,576	-	3,427
<b>Totals</b>	<b>\$ 276,794</b>	<b>\$ 44,035</b>	<b>\$ 176,208</b>	<b>\$ 107,971</b>	<b>\$ 284,179</b>	<b>\$ 91,361</b>	<b>\$ 14,127</b>	<b>\$ 710,496</b>

See Notes to Financial Statements.

Hawthorn Hill  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2013

	Program Services				Support Services		
	New Directions Shelter	Employee Collaborative	The Home Connection		Management and General	Fund Raising	Total
			Property Management	Supportive			
Salaries and benefits							
Salaries	\$ 176,012	\$ 27,246	\$ 62,800	\$ 66,630	\$ 23,109	\$ 6,542	\$ 362,339
Employee benefits	8,614	8,889	11,685	13,120	8,485	1,025	51,818
Payroll taxes	14,399	2,279	4,975	5,611	1,906	531	29,701
	<u>199,025</u>	<u>38,414</u>	<u>79,460</u>	<u>85,361</u>	<u>33,500</u>	<u>8,098</u>	<u>443,858</u>
Accounting	-	160	-	-	20,460	-	20,620
Consulting	529	-	-	430	3,055	2,258	6,272
Office supplies	361	-	301	281	2,604	398	3,945
Telephone	2,053	-	1,010	1,610	2,204	-	6,877
Postage	102	-	-	124	483	2,682	3,391
Maintenance	11,349	-	15,627	-	1,261	-	28,237
Property taxes	-	-	5,226	-	-	-	5,226
Utilities	10,695	-	13,104	-	1,188	-	24,987
Depreciation	22,525	-	52,955	-	2,503	-	77,983
Printing	-	-	-	27	683	6,804	7,514
Transportation	2,254	-	3,025	2,181	1,417	14	8,891
Continuing education	280	-	-	449	530	90	1,349
Food and supplies	4,091	-	-	244	-	-	4,335
Insurance	7,878	-	11,818	-	8,441	-	28,137
Public relations	135	-	-	30	440	-	605
Professional fees	-	-	-	-	7,897	-	7,897
Other	801	-	2,300	-	1,110	43	4,254
<b>Totals</b>	<b>\$ 262,078</b>	<b>\$ 38,574</b>	<b>\$ 184,826</b>	<b>\$ 90,737</b>	<b>\$ 87,776</b>	<b>\$ 20,387</b>	<b>\$ 684,378</b>

See Notes to Financial Statements.



Hawthorn Hill  
**STATEMENTS OF CASH FLOWS**  
Year ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 74,051	\$ 192,029
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	88,891	77,983
Contributions and grants for capital acquisition	( 87,920)	( 212,517)
Contributions and net investment income restricted for endowment	( 575)	( 423)
(Increase) decrease in:		
Funds held by others	( 86,396)	93,325
Government grants receivable	( 9,889)	26,645
Promises to give	-	( 1,000)
Other receivables	( 1,129)	( 5,954)
Prepaid expenses	( 862)	( 836)
Assets restricted for long term purposes	-	7,650
Increase (decrease) in:		
Accounts payable and accrued liabilities	11,593	5,573
Advances	23,334	-
Client escrow	6,193	( 1,807)
Tenant security deposits	2,100	4,550
Net cash provided by operating activities	19,391	185,218
Cash flows from investing activities		
Purchase of certificates of deposit	( 76)	( 50)
Purchase of property and equipment	( 147,500)	( 351,864)
Net cash used in investing activities	( 147,576)	( 351,914)
Cash flows from financing activities		
Contributions and grants received and restricted for capital acquisition	136,008	164,429
Proceeds from notes payable	-	12,500
Payments on note payable	( 2,710)	( 1,667)
Net cash provided by financing activities	133,298	175,262
Net increase in cash and cash equivalents	5,113	8,566
Cash and cash equivalents at beginning of year	21,920	13,354
Cash and cash equivalents at end of year	\$ 27,033	\$ 21,920
Supplemental disclosure		
Noncash financing activity		
Direct contribution to assets held by others	\$ -	\$ 100

See notes to financial statements

Hawthorn Hill  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 Organization and Significant Accounting Policies**

Organization

Hawthorn Hill (the “Organization”) is organized as an Iowa Nonprofit Corporation. The Organization is organized to perform the following activities.

- To establish and operate housing programs for homeless families with children
- To provide services to assist families with children in achieving economic self-sufficiency
- To identify, investigate, educate and seek solutions to the root causes of homelessness areas

Programs offered include emergency shelter services for homeless women with children and transitional housing.

Basis of Accounting

The financial statements of Hawthorn Hill have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under FASB ASC 958; 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.

Unrestricted net assets are those assets which are neither temporarily or permanently restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of Organization operations.

Temporarily restricted net assets represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 422.34 of the Iowa Code and is not a private foundation under section 509(a) of the Internal Revenue Code.

Under FASB ASC 740-10 regarding Uncertain Tax Positions, the Organization is required to evaluate the impact of uncertain tax positions taken or expected to be taken. In some instances the Organization may be required to recognize a liability related to those tax positions. At June 30, 2014 the Organization had no uncertain tax positions requiring recognition in the financial statements.

Hawthorn Hill  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 Organization and Significant Accounting Policies (continued)**

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include amounts in bank demand deposits.

Certificates of Deposit

Certificates of deposit include all certificates of deposit and are carried at cost which approximates fair value.

Funds held by others

Funds held by others represent the Organization's interest in a pooled money market fund and certificates of deposit held by the Community Foundation of Greater Des Moines and are subject to credit risks, including loss of principal.

Beneficial interest in assets held by others

The Organization's beneficial interest in assets held by others is carried at the fair value of the underlying assets as reported to the Organization.

Fair value of financial instruments

Due to the short term nature of cash and cash equivalents, receivables, funds held by others, prepaid expenses, accounts payable and accrued expenses, their fair value approximates carrying value.

Property and Equipment

Significant acquisitions of property and equipment or repairs, maintenance or betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or the fair value of the property contributed.

Depreciation on building and equipment and vehicles is computed using the straight-line method over the useful lives of the assets ranging from 3 to 30 years.

Client Escrow

The Organization retains a percentage of program fees for the benefit of clients. The fees are returned to the client upon successful competition of the program.

Hawthorn Hill  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 Organization and Significant Accounting Policies (continued)**

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support. When a donor restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as temporarily restricted net assets released from restrictions. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Organization reports the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. Contributions of cash or other assets restricted to the acquisition of long-lived assets are reported as restricted support.

The Organization uses donated services from organizations and individuals in its programs. No amounts have been reflected in the financial statements for donated services.

The Organization is dependent on contributions of time, money and governmental grants for continued operation. Significant reductions in support from these sources could jeopardize the Organization's ability to operate.

**Note 2 Promises to give**

Unconditional promises to give consist of the following at June 30, 2014 and 2013.

	2014	2013
Capital Contributions	\$ -	\$ 25,000
Operations	9,000	9,000
	\$ 9,000	\$ 34,000
Amounts receivable in less than one year	\$ 9,000	\$ 34,000

**Note 3 Beneficial Interest in Assets Held by Others**

The Organization has established the Hawthorn Hill Endow Iowa Fund with the Community Foundation of Greater Des Moines (The Foundation) to be used as a permanent endowment fund for the benefit of the Organization. The assets are the property of The Foundation which controls the investment and management of the fund. Distributions to be received by The Organization and are based on the fund agreement.

***Endowment Fund***

The Hawthorn Hill Endow Iowa Fund is a permanent endowment established under the terms of Endow Iowa legislation. In accordance with the terms of the endow Iowa legislation, distributions of up to but not more than five percent (5%) of the

Hawthorn Hill  
NOTES TO FINANCIAL STATEMENTS

**Note 3 Beneficial Interest in Assets Held by Others (continued)**

fund balance as of December 31 of the previous year may be made each year. Net income in excess of distributions, administrative fees, and direct expenses are to remain in the fund.

***Interpretation of Relevant Law***

The Board of Directors of Hawthorn Hill has interpreted the Iowa Uniform Prudent Management of Institutional Funds Act (IUPMIFA) 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 Organization 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 temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the IUPMIFA. In accordance with the IUPMIFA the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted fund
- (3) General economic conditions
- (4) The possible effects of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization

***Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives***

Investments of the endowment funds are the assets of the Community Foundation of Greater Des Moines which determines the investment and management of the funds rather than the Organization. The assets are invested in the Foundation's "Long Term Growth Portfolio" and are subject to investment risks, including loss of principal.

Hawthorn Hill Endow Iowa fund net assets as of June 30, 2014 and 2013 follow:

	<u>2014</u>	<u>2013</u>
Temporarily Restricted	\$ 899	\$ 324
Permanently Restricted	<u>5,100</u>	<u>5,100</u>
Total	<u>\$ 5,999</u>	<u>\$ 5,424</u>

Hawthorn Hill  
NOTES TO FINANCIAL STATEMENTS

**Note 3 Beneficial Interest in Assets Held by Others (continued)**

Changes in the Hawthorn Hill Endow Iowa fund net assets for the year ended June 30, 2014 and 2013 follow:

	Temporarily Restricted	Permanently Restricted	Total
Net assets June 30, 2012	\$ 1	\$ 5,000	\$ 5,001
Contributions	-	100	100
Investment income	106	-	106
Net realized gains	280	-	280
Net unrealized gains	213	-	213
Administrative expenses	( 276)	-	( 276)
Net assets June 30, 2013	\$ 324	\$ 5,100	\$ 5,424
Investment income	108	-	108
Net realized gains	158	-	158
Net unrealized gains	559	-	559
Administrative expenses	( 250)	-	( 250)
Net assets June 30, 2014	<u>\$ 899</u>	<u>\$ 5,100</u>	<u>\$ 5,999</u>

**Note 4 Investment Return**

The following summarizes investment return for the years ended June 30, 2014 and 2013.

	2014		
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ 63	\$ 108	\$ 171
Net realized gain (loss)	( 72)	158	86
Net unrealized gain	-	559	559
Administrative expenses		( 250)	( 250)
Total	<u>\$ ( 9)</u>	<u>\$ 575</u>	<u>\$ 566</u>
	2013		
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ 108	\$ 106	\$ 214
Net realized gain	-	280	280
Net unrealized gain	-	213	213
Administrative expenses	( 16)	( 276)	( 292)
Total	<u>\$ 92</u>	<u>\$ 323</u>	<u>\$ 415</u>

Hawthorn Hill  
NOTES TO FINANCIAL STATEMENTS

**Note 5 Property and Equipment**

Property and equipment consists of the following at June 30, 2014 and 2013

	2014	2013
Land	\$ 242,580	\$ 237,580
Building and improvements	2,160,726	1,949,256
Furniture and equipment	101,101	89,935
Vehicles	33,836	33,836
	2,538,243	2,310,607
Accumulated depreciation	( 1,009,800)	( 920,908)
	1,528,443	1,389,699
Construction in progress	-	80,135
Net property and equipment	\$ 1,528,443	\$ 1,469,834

**Note 6 Note Payable**

A non interest bearing note in the amount of \$8,123 at June 30, 2014 is payable in monthly installments in the amount of \$104. The note is prepaid to September 2016. The note is secured by property with a net book value in the amount of \$56,800 at June 30, 2014.

Maturities of the note are as follows:

Years ending June 30	
2015	\$ -
2016	1,041
2017	1,250
2018	1,250
2019	1,250
Thereafter	3,332
Total	\$ 8,123

**Note 7 Net Assets**

Temporarily restricted net assets are available for the following periods or purposes at June 30, 2014 and 2013.

	2014	2013
Capital Campaign		
Time restricted assets restricted for long-term purposes	\$ -	\$ 25,000
New Directions Shelter		
Iowa Annual Conference, time restriction	9,000	9,000
Hawthorn Hill Endow Iowa Fund		
Time restriction	899	324
Total temporarily restricted net assets	\$ 9,899	\$ 34,324

Hawthorn Hill  
NOTES TO FINANCIAL STATEMENTS

**Note 7 Net Assets (continued)**

At June 30, 2014 and 2013 permanently restricted net assets are restricted for the Organization's permanent endowment.

	<u>2014</u>	<u>2013</u>
Permanently restricted net assets	<u>\$ 5,100</u>	<u>\$ 5,100</u>

**Note 8 Line of Credit**

At June 30, 2014 the Organization has a line of credit in the amount of \$130,000 with a local financial institution. The line of credit bears interest at an initial rate of 5.25% and may change annually based upon a national prime rate. No amounts were borrowed by the Organization under the line of credit during 2014.

**Note 9 Retirement Plan**

The Organization has a defined contribution retirement plan which covers employees who have met specific eligibility requirements. Under the plan the Organization is required to match employee contributions equal to a maximum of 3 percent of covered employee compensation. Total retirement plan cost was \$7,793 and \$7,668 for the years ended June 30, 2014 and 2013, respectively.

**Note 10 Commitments and Contingencies**

The Organization is committed under various grants and agreements to restrict, for varying periods of time, the availability of certain properties to "Affordable Housing" or similar restrictive uses. In the event of default, funds received under the grants or agreements may be repayable to the granting organizations. Further, in the event of the sale of the properties, all or a portion of proceeds of the sale may be repayable to the granting organizations. The potential amount of repayments under the grants and agreements has not been determined.

**Note 11 Subsequent Events**

The Organization has evaluated events and transactions occurring after June 30, 2014 for potential items required to be recognized or disclosed in the financial statements. Subsequent events were evaluated through October 29, 2014, the date the financial statements were available to be issued.