SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

June 30, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

C O N T E N T S

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Independent Auditor's Report

To the Board of Directors
Shelter Partnership, Inc.
Los Angeles, California

We have audited the accompanying financial statements of Shelter Partnership, Inc. (a California nonprofit public benefit corporation) (the "Partnership"), which comprises the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

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 on the previous page present fairly, in all material respects, the financial position of the Partnership as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As disclosed in Note 2 to the financial statements, 84% of total revenues are from donated goods and 68% of total assets are from donated inventory on hand. The valuation of these donated goods is subject to estimation. The Partnership estimates the value of donated goods by obtaining estimates of wholesale selling prices provided by the donors, or other indicators of value when donor estimated wholesale values are not provided. The Partnership also undertakes its own research as needed in order to better ascertain fair values. As a result, there is significant judgment in arriving at fair values of contributed goods, and such values materially enter into the determination of net assets and results of activities.

Report on Summarized Comparative Information

We have previously audited the Shelter Partnership, Inc.'s June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gursey | Schneider LLP

January 15, 2019
Los Angeles, California

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
June 30, 2018 and 2017

ASSETS

	2018	2017
ASSETS		
Cash and cash equivalents	$ 468,319	$ 501,835
Certificates of deposit	250,000	250,000
Accounts receivable	146,597	97,775
Pledges receivable	158,914	73,627
Donated inventory	14,727,071	15,252,820
Prepaid expenses and other assets	13,929	7,300
Property and equipment, net	5,891,181	6,171,335
TOTAL ASSETS	$ 21,656,011	$ 22,354,692

LIABILITIES AND NET ASSETS

	2018	2017
LIABILITIES		
Accounts payable	$ 75,310	$ 4,747
Accrued expenses and other liabilities	88,267	95,781
TOTAL LIABILITIES	163,577	100,528
NET ASSETS		
Unrestricted	2,959,213	2,995,717
Temporarily restricted	18,533,221	19,258,447
TOTAL NET ASSETS	21,492,434	22,254,164
TOTAL LIABILITIES AND NET ASSETS	$ 21,656,011	$ 22,354,692

See Accompanying Notes to Financial Statements.

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Summarized Total
REVENUE AND SUPPORT				
Donated goods for distribution	$ -	$ 8,945,704	$ 8,945,704	$ 7,259,180
Foundation contributions	118,525	347,000	465,525	465,571
Individual and corporate contributions	237,799	43,345	281,144	237,985
Government grants	-	260,000	260,000	185,000
Special events, net of expense of $85,329 in 2018 and $100,596 in 2017	338,372	-	338,372	307,839
Consulting services	324,410	-	324,410	200,951
Other	2,707	-	2,707	1,305
Subtotal	1,021,813	9,596,049	10,617,862	8,657,831
Net assets released from restrictions	10,321,275	(10,321,275)	-	-
TOTAL REVENUES AND SUPPORT	11,343,088	(725,226)	10,617,862	8,657,831
FUNCTIONAL EXPENSES				
Program services				
Material assistance	10,537,955	-	10,537,955	11,199,483
Public education and policy / technical assistance	430,734	-	430,734	416,452
Total Program Services	10,968,689	-	10,968,689	11,615,935
Supporting services				
General and administrative	139,031	-	139,031	138,990
Fundraising	271,872	-	271,872	177,875
Total Supporting Services	410,903	-	410,903	316,865
TOTAL FUNCTIONAL EXPENSES	11,379,592	-	11,379,592	11,932,800
CHANGES IN NET ASSETS	(36,504)	(725,226)	(761,730)	(3,274,969)
NET ASSETS, Beginning of Year	2,995,717	19,258,447	22,254,164	25,529,133
NET ASSETS, End of Year	$ 2,959,213	$ 18,533,221	$ 21,492,434	$ 22,254,164

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Program Services			Supporting Services			
	Materials Assistance	Public Education and Policy / Technical Assistance	Total Program	General and Administrative	Fundraising	2018 Total	2017 Summarized Total
Personnel:							
Salaries	$ 360,612	$ 270,035	$ 630,647	$ 64,890	$ 166,430	$ 861,967	$ 790,688
Employee benefits	59,138	27,588	86,726	10,173	14,449	111,348	129,740
Payroll taxes and workers' compensation insurance	45,567	23,067	68,634	5,627	14,548	88,809	79,927
Total Personal	465,317	320,690	786,007	80,690	195,427	1,062,124	1,000,355
Other Operating Expenses							
Depreciation	293,639	7,497	301,136	2,499	3,632	307,267	316,845
Donated goods distributed	9,410,464	-	9,410,464	-	-	9,410,464	10,242,188
Inventory obsolescence	60,990	-	60,990	-	-	60,990	38,046
Insurance	27,826	4,660	32,486	1,574	2,691	36,751	23,686
K.I.D.S	15,000	-	15,000	-	-	15,000	15,000
Newsletter	-	-	-	-	8,301	8,301	8,344
Occupancy	60,219	28,843	89,062	13,573	23,188	125,823	114,406
Office expense	22,158	9,510	31,668	3,008	4,608	39,284	30,812
Other	-	-	-	9,335	-	9,335	11,981
Postage	1,052	595	1,647	163	288	2,098	1,807
Printing	3,949	2,235	6,184	608	1,083	7,875	5,562
Professional fees	32,968	39,673	72,641	23,043	25,708	121,392	53,986
Repairs and maintenance	74,983	-	74,983	-	-	74,983	-
Taxes and assessments	13,980	60	14,040	28	48	14,116	12,166
Telephone	11,652	5,229	16,881	1,743	2,534	21,158	14,696
Training and education	1,028	2,185	3,213	1,029	1,757	5,999	10,682
Travel	3,475	9,557	13,032	1,738	2,607	17,377	16,841
Trucking	14,689	-	14,689	-	-	14,689	7,175
Warehousing	24,566	-	24,566	-	-	24,566	8,222
Total Other Operating Expenses	10,072,638	110,044	10,182,682	58,341	76,445	10,317,468	10,932,445
TOTAL FUNCTIONAL EXPENSES	$ 10,537,955	$ 430,734	$ 10,968,689	$ 139,031	$ 271,872	$ 11,379,592	$ 11,932,800

See Accompanying Notes to Financial Statements.

SHELTER PARTNERSHIP, INC.
(A California Nonprofit Public Benefit Corporation)
Statements of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (761,730)	$ (3,274,969)
Adjustments to reconcile changes in net assets to net cash (used in) operating activities:		
Depreciation	307,267	316,845
Receipt of donated inventories	(8,945,704)	(7,259,180)
Distribution of donated inventories	9,410,464	10,242,189
Inventory obsolescence	60,990	38,046
(Increase) decrease in assets:		
Accounts receivable	(48,822)	(87,978)
Pledges receivable	(85,287)	(21,557)
Prepaid expenses and other assets	(6,629)	(460)
Increase (decrease) in liabilities:		
Accounts payable	70,563	(10,338)
Accrued expenses and other liabilities	(7,515)	(9,029)
NET CASH (USED IN) OPERATING ACTIVITIES	(6,403)	(66,431)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment	(27,113)	(6,604)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,516)	(73,035)
CASH AND CASH EQUIVALENTS, Beginning of Year	501,835	574,870
CASH AND CASH EQUIVALENTS, End of Year	$ 468,319	$ 501,835

See Accompanying Notes to Financial Statements.

NOTE 1 – ORGANIZATION

Shelter Partnership, Inc. (the "Partnership"), formed February 8, 1985, and is organized as a California nonprofit public benefit corporation. The Partnership works collaboratively to solve homelessness in the County of Los Angeles through policy analysis, program design, resource development, and advocacy in support of agencies and local governments that serve the homeless. The Partnership also distributes new goods, at no cost, to community agencies directly serving the homeless and households in poverty.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

The most significant estimates related to the valuation of contributed goods and the valuation of inventory on hand. Contributed goods account for 84% of total revenues during the years ended June 30, 2018 and 2017. Contributed goods in inventory on hand accounted for 68% of total assets at June 30, 2018 and 2017.

Management relies on the use of judgment in the estimation in determining fair values of contributed goods, and such values materially enter into determination of net assets and results of activities. Management has implemented a number of safeguards that are designed to significantly reduce the risk of donated goods being recorded as overstated (or misstated) amounts. These safeguards are utilized on an ongoing basis and management feels they effectively reduce risk of misstating the financial position.

Classes of Net Assets – To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Partnership are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted – These generally result from revenues generated by receiving unrestricted contributions, providing services and receiving interest from investments less expenses incurred in providing program-related services, raising contributions and performing administrative functions.

Temporarily Restricted – The Partnership reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Permanently Restricted – These net assets are received by donors who stipulate that resources are to be maintained permanently, but permit the Partnership to expend all of the income (or other economic benefits) derived from the donated assets. At June 30, 2018 and 2017, the Partnership had no permanently restricted net assets.

Cash and Cash Equivalents – Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash and were purchased with maturities of less than three months.

Certificates of Deposit – Certificates of deposit are carried at cost plus accrued interest. This amount approximates fair value. As of June 30, 2018, the certificates of deposit include the following:

Issuer	Face value	Interest Rate	Maturity Date
CIT	$ 155,000	1.50%	2/1/2019
CIT	$ 95,000	1.70%	5/10/2019

Accounts and Pledges Receivable – The Partnership records accounts and pledges receivable, net of allowances for uncollectible amounts, whenever there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. No provision has been provided for uncollectible amounts at June 30, 2018 and 2017, as all amounts are considered to be fully collectible. In addition, accounts and pledges receivable are expected to be collected within one year.

Three donors comprised 41% of total pledges receivable at June 30, 2018; no other single donor comprised more than 10%.

Inventory and Donated Goods Revenues and Expenses – Inventory and donated goods revenue consist of new goods donated by manufacturers, retailers, and others. Donations include items such as clothing, shoes, personal care products, household goods, cleaning supplies, paper products, office products, etc. These goods are recorded as temporarily restricted contributions at estimated fair market value. Fair values are determined based on numerous factors which may include (a) amounts specified by the donor as being the wholesale selling price, (b) current retail or selling price of similar items, if known, or (c) management's own subjective appraisals based on research. The goods are held at the value recorded at the date of contribution on an item-by-item basis and placed into inventory for distribution. Goods are distributed to other independent nonprofit organizations that directly service households in poverty, and the values of the distributed items are removed from inventory based on the specific identification method. Upon distribution of the inventory, the amount is released from temporarily restricted net assets and donated goods expense is recorded. The Partnership reviews its inventory on an ongoing basis for possible damaged goods to be written off and to determine if a reserve is required. At June 30, 2018 and 2017, management has determined that no reserve was needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Property and Equipment – Property and equipment are stated at cost, or for those assets acquired by gift or bequest, the estimated fair value at the date of contribution. Property and equipment are capitalized if the cost of an asset is greater than or equal to $1,000 and the useful life is greater than two years. Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the related assets which are as follows:

Office equipment	5 years
Vehicles / warehouse equipment	5 years
Warehouse	30 years
Warehouse improvements	5 – 30 years

Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require that a long-lived asset be tested for possible impairment, the Partnership first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. No impairment losses were recorded for the years ended June 30, 2018 and 2017.

Income Taxes – The Partnership is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. In addition, the Partnership does not have any revenue which it believes would subject it to unrelated business income taxes.

The Partnership recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Partnership has not recorded any uncertain tax positions. The Partnership recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended June 30, 2018 and 2017, the Partnership did not recognize any potential interest and penalties associated with uncertain tax positions.

Contributions and Revenue – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. All gifts and other public support are included in unrestricted net assets unless they are specifically restricted by the terms of the gift or grant instrument or require the passage of time.

Contributed Services – Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 2018, the Partnership received $67,798 in legal services that met this criteria, and therefore these services have been recorded at estimated fair value in the accompanying financial statements.

Functional Allocation of Expenses – Expenses that can be identified with a specific program or supporting service are charged directly to that related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by management.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fair Value Measurements – The Partnership records its assets and liabilities at fair value. Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. In addition, assets and liabilities are classified in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The Partnership's cash and cash equivalents and investments are classified within the Level 1 category. At June 30, 2018, the Partnership's other financial instruments such as accounts receivable, pledges receivable, accounts payable, accrued expenses and other liabilities and benefit plans payable, and are all stated at carrying value, which approximate fair value due to the short maturity of these instruments.

Effect of Recently Issued Accounting Standards – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *"Leases"* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the Partnership's financial statements and related disclosures and has not yet selected a transition method.

In May 2014, FASB issued ASU 2014-09, *"Revenue from Contracts with Customers,"* which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2017. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on the Partnership's financial statements and related disclosures and has not yet selected a transition method.

On August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 *"Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities"* ("NFP"). This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Five changes included in ASU 2016-14 are:

(1) The existing three-class system of classifying net assets as unrestricted, temporarily restricted and permanently restricted, will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.

(2) The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.

(3) NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.

(4) Expenses by both their natural classification and their functional classification will be presented either on the face of the statement of activities, as a separate statement or in the notes to the financial statements. In addition to this change in the presentation of expenses, the method used to allocate costs among program and supporting activities functions is required to be disclosed.

(5) Finally, NFP's may continue to present the statement of cash flows using either the direct or the indirect method of reporting. However, under the new reporting standard, NFPs employing the direct method to report cash flow will no longer be required to provide a reconciliation of net income to the cash amounts presented under the indirect method.

ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Management is currently evaluating the impact this change in accounting standards will have on the Partnership's financial statements and related disclosures.

Finally, on June 21, 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08, *"Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made."* The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments provide:

(1) Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

(2) Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation

(3) Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Early adoption of the amendments in the update is permitted. Management is currently evaluating the impact these changes in accounting standards will have on the Partnership's financial statements and related disclosures.

Concentrations of Credit Risk – *Cash in Excess of FDIC Insured Limits* - Cash and cash equivalents generally consist of cash and highly liquid investments with an initial maturity of three months or less. The Federal Deposit Insurance Corporation ("FDIC") insures cash deposits up to $250,000 per depositor. At times, cash may exceed the federally insured amounts.

Subsequent Events – Subsequent events have been evaluated through January 15, 2019, the date that the financial statements were available to be issued.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Building and improvements	$ 8,760,273	$ 8,760,273
Construction in process	81,993	78,274
Office equipment	155,469	150,286
Vehicles / warehouse equipment	256,793	238,583
	9,254,528	9,227,416
Accumulated depreciation	(3,363,347)	(3,056,081)
	$ 5,891,181	$ 6,171,335

Depreciation expense for the years ended June 30, 2018 and 2017 was $307,267 and $316,845, respectively.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Changes in temporarily restricted net assets were as follows:

	Available at June 30, 2017	Contributions	Released from Restrictions	Available at June 30, 2018
Donated goods	$ 15,252,821	$ 8,945,704	$ (9,471,454)	$ 14,727,071
Donated building	3,821,411	-	(191,071)	3,630,340
Program activities	184,215	472,970	(560,136)	97,049
Capital campaign	-	177,375	(98,614)	78,761
	$ 19,258,447	$ 9,596,049	$ (10,321,275)	$ 18,533,221

On July 6, 2007, the United States of America, acting through the Secretary of Health and Human Services ("Grantor"), granted the Partnership the building currently occupied as the S. Mark Taper Foundation Shelter Resource Bank. The grant of this property from the United States government contained certain continuing covenants and restrictions including (1) the use of property for health purposes, (2) limitation on ability to sell or encumber property without the consent of the Grantor, (3) annual reporting requirements as to the Partnership's program use and accomplishments, (4) maintenance of tax-exempt status, and (5) other customary requirements for receiving assistance and doing business with the United States of America.

The Partnership currently uses the donated property to distribute, free of charge, donations of surplus inventory from manufacturers, wholesalers, retailers, and others to homeless service agencies throughout Los Angeles County. The Partnership believes it is in compliance with all covenants and restrictions under the grant agreement. The covenants and restrictions will lapse in year 2037.

NOTE 5 – LEASE COMMITMENTS

The Partnership leases its office space under a non-cancelable operating lease agreement that expires on July 31, 2020. The future minimum lease payments are as follows:

Years Ending June 30:	
2019	$ 81,999
2020	84,683
2021	7,698
	$ 174,380

Rent expense for the years ended June 30, 2018 and 2017, was $79,178 and $71,676, respectively. These amounts are included as part of occupancy on the statement of functional expenses.

NOTE 6 – PROFIT SHARING PLANS

The Partnership offers a 401(k) profit sharing plan (the "401(k) Plan"). All employees are eligible to participate in the 401(k) Plan. The 401(k) Plan allows employees to defer up to $18,500 of their salary plus a catch-up contribution of $6,000 (for individuals over age 50). The Partnership may make discretionary contributions to the plan. The Partnership contributed $28,748 and $37,913 for the years ended June 30, 2018 and 2017, respectively.

The Partnership also offers a tax-exempt deferred compensation plan (the "457 Plan") for the executive director. The 457 plan allows for discretionary contributions. For each of the years ended June 30, 2018 and 2017, the Partnership contributed $6,500 to the 457 Plan.