

Hawthorn Hill
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
Years ended June 30, 2016 and 2015

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DONALD W. CROGHAN, CPA
A Professional Corporation



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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, 2016 and the related statements of activities, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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, 2016 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.

Prior Year Financial Statements

The financial statements of Hawthorn Hill as of June 30, 2015 were audited by another auditor whose report dated October 28, 2015 expressed an unmodified opinion on those statements.

Donald W. Croghan, CPA, PC
Knoxville, IA 50138
August 31, 2016

Donald W. Croghan, CPA, P.C.

Hawthorn Hill
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 67,108	\$ 34,512
Funds held by others	302,913	293,409
Certificates of deposit	60,234	60,163
Government grants receivable	2,099	15,314
Promises to give (note 2)	8,800	9,000
Other receivables	--	35
Prepaid expenses	9,977	9,149
Total current assets	<u>451,131</u>	<u>421,582</u>
 Other Assets		
Beneficial interest in asset held by others (note 3)	5,545	5,881
Property and equipment, net of accum. depr. (note 5)	<u>1,594,037</u>	<u>1,493,599</u>
Total other assets	<u>1,599,582</u>	<u>1,499,480</u>
 TOTAL ASSETS	 <u><u>\$ 2,050,713</u></u>	 <u><u>\$ 1,921,062</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,317	\$ 4,759
Accrued expenses	30,109	31,269
Client escrow	12,303	14,705
Tenant security deposits	10,851	9,701
Current portion of long term liabilities	<u>7,033</u>	<u>1,250</u>
Total current liabilities	63,613	61,684
 Long Term Liabilities		
Notes payable (note 6)	72,862	8,123
Less current poriont	<u>(7,033)</u>	<u>(1,250)</u>
Total long-term liabilities	65,829	6,873
 Net assets		
Unrestricted	1,876,726	1,832,374
Temporarily restricted net assets (note 7)	39,445	15,031
Permanently restricted net assets (note 7)	<u>5,100</u>	<u>5,100</u>
Total net assets	<u>1,921,271</u>	<u>1,852,505</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,050,713</u></u>	 <u><u>\$ 1,921,062</u></u>

Hawthorn Hill
STATEMENT OF ACTIVITIES
Year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and support				
Contributions	\$ 323,933	\$ 39,000	\$ -	\$ 362,933
Iowa Annual Conference	9,000	9,000	-	18,000
United Way	92,523	-	-	92,523
Government operating grants	93,758	-	-	93,758
Program fees	147,482	-	-	147,482
Contracts	36,000	-	-	36,000
Investment return	-	(336)	-	(336)
Other income	260	-	-	260
Net assets released from restrictions	23,250	(23,250)	-	-
Total operating revenues and support	<u>726,206</u>	<u>24,414</u>	<u>-</u>	<u>750,620</u>
Expenses:				
Program services				
New Directions Shelter	307,111	-	-	307,111
The Home Connection	315,408	-	-	315,408
Support services				
Management and general	83,281	-	-	83,281
Fund raising	26,236	-	-	26,236
Total operating expenses	<u>732,036</u>	<u>-</u>	<u>-</u>	<u>732,036</u>
Excess (deficiency) of operating revenues and support over operating expenses	(5,830)	24,414	-	18,584
Nonoperating revenues and support				
Contributions and grants for capital acquisition	50,182	-	-	50,182
Total nonoperating revenues and support	<u>50,182</u>	<u>-</u>	<u>-</u>	<u>50,182</u>
Change in net assets	44,352	24,414	-	68,766
Net assets June 30, 2015	1,832,374	15,031	5,100	1,852,505
Net assets June 30, 2016	<u>\$ 1,876,726</u>	<u>\$ 39,445</u>	<u>\$ 5,100</u>	<u>\$ 1,921,271</u>

See notes to financial statements

Hawthorn Hill
STATEMENT OF ACTIVITIES
Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and support				
Contributions	\$ 306,835	\$ -	\$ -	\$ 306,835
Iowa Annual Conference	11,000	9,000	-	20,000
United Way	106,080	-	-	106,080
Government operating grants	151,056	-	-	151,056
Program fees	119,102	-	-	119,102
Contracts	15,000	-	-	15,000
Investment return	137	(118)	-	19
Other income	(108)	-	-	(108)
Net assets released from restrictions	9,000	(9,000)	-	-
Total operating revenues and support	<u>718,102</u>	<u>(118)</u>	<u>-</u>	<u>717,984</u>
Expenses:				
Program services				
New Directions Shelter	302,931	-	-	302,931
The Home Connection	303,028	-	-	303,028
Support services				
Management and general	87,888	-	-	87,888
Fund raising	22,485	-	-	22,485
Total operating expenses	<u>716,332</u>	<u>-</u>	<u>-</u>	<u>716,332</u>
Excess (deficiency) of operating revenues and support over operating expenses	1,770	(118)	-	1,652
Nonoperating revenues and support				
Contributions and grants for capital acquisition	45,554	5,250	-	50,804
Total nonoperating revenues and support	<u>45,554</u>	<u>5,250</u>	<u>-</u>	<u>50,804</u>
Change in net assets	47,324	5,132	-	52,456
Net assets June 30, 2014	1,785,050	9,899	5,100	1,800,049
Net assets June 30, 2015	<u>\$ 1,832,374</u>	<u>\$ 15,031</u>	<u>\$ 5,100</u>	<u>\$ 1,852,505</u>

See notes to financial statements

Hawthorn Hill
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016

	Program Services				Support Services		
	New Directions Shelter	The Home Connection		Total	Management and General	Fund Raising	Total
		Property Management	Case Management				
Salaries and benefits							
Salaries	\$ 210,205	\$ 57,859	\$ 94,401	\$ 152,260	\$ 26,108	\$ 12,675	\$ 401,248
Employee benefits	11,021	11,710	12,991	24,701	5,230	1,893	42,845
Payroll taxes	18,065	4,300	8,730	13,030	2,255	1,095	34,445
	239,291	73,869	116,122	189,991	33,593	15,663	478,538
Accounting	47	-	-	-	20,783	-	830
Consulting	112	-	113	113	299	839	1,363
Client assistance	7,565	-	26	26	-	-	7,591
Office supplies	53	108	219	327	3,363	1,080	4,823
Telephone	2,525	1,046	2,123	3,169	1,299	-	6,993
Postage	268	5	-	5	745	2,429	3,447
Maintenance	10,862	15,093	5,031	20,124	-	-	30,986
Utilities	12,250	7,440	-	7,440	1,256	-	20,947
Depreciation	19,341	70,965	-	70,965	-	-	90,306
Printing	80	-	52	52	549	5,921	6,602
Transportation	2,004	3,033	2,468	5,501	2,082	-	9,587
Continuing education	308	-	60	60	105	-	473
Food and supplies	2,469	-	484	484	-	-	2,953
Insurance	9,392	13,940	-	13,940	9,857	-	33,189
Public Relations	10	-	10	10	-	-	20
Professional fees	-	-	-	-	7,671	-	7,671
Interest	-	-	297	287	-	-	287
Other	534	2,127	787	2,914	1,679	304	5,430
Totals	\$ 307,111	\$ 187,626	\$ 127,782	\$ 315,408	\$ 83,281	\$ 26,236	\$ 732,036

See Notes to Financial Statements.

Hawthorn Hill
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2015

	Program Services			Support Services	
	The Home Connection			Management and General	Fund Raising
	New Directions Shelter	Property Management	Case Management	Total	Total
Salaries and benefits					
Salaries	\$ 195,472	\$ 60,485	\$ 83,528	\$ 144,013	\$ 375,036
Employee benefits	10,511	10,498	14,502	25,000	41,851
Payroll taxes	16,231	5,031	6,949	11,980	31,169
	222,214	76,014	104,979	180,993	448,056
Accounting	3	-	-	-	20,843
Consulting	585	135	-	135	1,812
Client assistance	14,889	-	-	-	14,914
Office supplies	1,789	23	25	48	3,728
Telephone	2,659	1,642	1,643	3,285	7,252
Postage	188	13	-	13	2,666
Maintenance	13,106	18,645	1,219	19,864	34,426
Utilities	12,207	7,593	-	7,593	21,157
Depreciation	20,536	69,345	-	69,345	92,163
Printing	-	-	2,000	-	8,443
Transportation	1,372	3,118	868	5,118	7,944
Continuing education	682	878	520	1,746	4,709
Food and supplies	2,654	-	-	520	3,174
Interest	-	426	-	426	426
Insurance	9,115	13,672	-	13,672	32,553
Professional fees	-	-	-	-	7,654
Other	932	66	179	245	4,412
Totals	\$ 302,931	\$ 191,570	\$ 111,458	\$ 303,028	\$ 716,332
				\$ 87,888	\$ 22,485
				10	4,412

See Notes to Financial Statements.

Hawthorn Hill
STATEMENTS OF CASH FLOWS
Year ended June 30, 2016 and 2015

	2015	2015
Cash flows from operating activities		
Change in net assets	\$ 68,766	\$ 52,456
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	90,306	92,163
Contributions and grants for capital acquisition	(50,182)	(50,804)
Net investment losses (return) restricted for endowment	336	(118)
(Increase) decrease in:		
Government grants receivable	13,215	(425)
Other receivables	235	7,092
Prepaid expenses	(829)	(502)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,601)	10,591)
Advances	-	(23,334)
Client escrow	(2,402)	(3,399)
Tenant security deposits	1,150	3,051
Net cash provided by operating activities	<u>117,994</u>	<u>65,825</u>
Cash flows from investing activities		
Purchase of funds held by others	(9,504)	(21,794)
Purchase of certificates of deposit	(71)	(30,037)
Purchase of property and equipment	(190,744)	(57,319)
Net cash used in investing activities	<u>(200,319)</u>	<u>(109,150)</u>
Cash flows from financing activities		
Contributions and grants received for capital acquisition	50,182	50,804
Advances on long-term liabilities	70,000	-
Payments on note payable	(5,261)	-
Net cash provided by financing activities	<u>114,921</u>	<u>50,804</u>
Net increase in cash and cash equivalents	32,596	7,479
Cash and cash equivalents at beginning of year	34,512	27,033
Cash and cash equivalents at end of year	<u>\$ 67,108</u>	<u>\$ 34,512</u>

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.

Concentrations

The Organization maintains cash balances at two financial institutions located in Des Moines, Iowa which may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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.

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 completion 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, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Operations	<u>\$ 8,800</u>	<u>\$ 9,000</u>
Amounts receivable in less than one year	<u>\$ 8,800</u>	<u>\$ 9,000</u>

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 not to exceed 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, 2016 and 2015 follow:

	2016	2015
Temporarily Restricted	\$ 445	\$ 781
Permanently Restricted	5,100	5,100
Total	<u>\$ 5,545</u>	<u>\$ 5,881</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, 2016 and 2015 follow:

	Temporarily Restricted	Permanently Restricted	Total
Net assets June 30, 2014	\$ 899	\$ 5,100	\$ 5999
Investment income	118	-	118
Net realized gains	125	-	125
Net unrealized losses	(111)	-	(111)
Administrative expenses	(250)	-	(250)
Net assets June 30, 2015	\$ 781	\$ 5,100	\$ 5,881
Investment income	105	-	105
Net realized gains	142	-	142
Net unrealized losses	(333)	-	(333)
Administrative expenses	(250)	-	(250)
Net assets June 30, 2016	\$ 445	\$ 5,100	\$ 5,545

Note 4 Investment Return

The following summarizes investment return for the years ended June 30, 2016 and 2015.

2016			
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ -	\$ 105	\$ 105
Net realized gains	-	142	142
Net unrealized losses	-	(333)	(333)
Administrative expenses	-	(250)	(250)
Total	\$ -	\$ (336)	\$ (336)

2015			
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ 137	\$ 118	\$ 255
Net realized gains (losses)	-	125	125
Net unrealized gains	-	(111)	(111)
Administrative expenses	-	(250)	(250)
Total	\$ 137	\$ 118	\$ 19

Hawthorn Hill
NOTES TO FINANCIAL STATEMENTS

Note 5 Property and Equipment

Property and equipment consists of the following at June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Land	\$ 252,580	\$ 252,580
Building and improvements	2,387,382	2,196,315
Furniture and equipment	112,508	105,028
Vehicles	33,836	33,836
	<u>2,786,306</u>	<u>2,587,759</u>
Accumulated depreciation	(1,192,269)	(1,101,963)
	<u>1,594,037</u>	<u>1,485,796</u>
Construction in progress		7,803
Net property and equipment	<u>\$ 1,594,037</u>	<u>\$ 1,493,599</u>

Note 6 Note Payable

Notes payable at June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Note payable – Polk Co. Housing Trust Fund for property, 0% interest, monthly pymt of \$104	\$ 3,623	\$ 8,123
Note payable – Great Western Bank to purchase property, 4.25% interest, monthly pymt of \$529, matures May, 2021	<u>69,239</u>	<u>-</u>
	\$ 72,862	\$ 8,123
Current portion	<u>(7,033)</u>	<u>(1,250)</u>
	<u>\$ 65,829</u>	<u>\$ 6,873</u>

Maturities of the note are as follows:

Years ending June 30	
2017	\$ 7,033
2018	3,560
2019	3,717
2020	3,873
2021	54,679
Total	<u>\$ 72,862</u>

Hawthorn Hill
NOTES TO FINANCIAL STATEMENTS

Note 7 Net Assets

Temporarily restricted net assets are available for the following periods or purposes at June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
New Directions Shelter		
Iowa Annual Conference, time restriction	\$ 9,000	\$ 9,000
Restricted for playground renovation		5,250
Anonymous donation, time restriction	30,000	
Hawthorn Hill Endow Iowa Fund		
Time restriction	445	781
Total temporarily restricted net assets	<u>\$ 39,445</u>	<u>\$ 15,031</u>

At June 30, 2016 and 2015 permanently restricted net assets are restricted for the Organization's permanent endowment.

	<u>2016</u>	<u>2015</u>
Permanently restricted net assets	<u>\$ 5,100</u>	<u>\$ 5,100</u>

Note 8 Line of Credit

At June 30, 2016 the Organization has a line of credit in the amount of \$150,000 with a local financial institution. The line of credit bears interest at an initial rate of 4.25% and may change annually based upon a national prime rate. No amounts were borrowed by the Organization under the line of credit during 2016.

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 \$8,090 and \$7,384 for the years ended June 30, 2016 and 2015, 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, 2016 for potential items required to be recognized or disclosed in the financial statements. Subsequent events were evaluated through August 31, 2016, the date the financial statements were available to be issued.