JEWISH COMMUNITY CENTER
OF GREATER ROCHESTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2016

EFPR GROUP, CPAs PLLC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jewish Community Center of Greater Rochester, Inc.

We have audited the accompanying financial statements of the Jewish Community Center of Greater Rochester, Inc. (a nonprofit organization), which comprise the statement 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 the Jewish Community Center of Greater Rochester, Inc. as of June 30, 2016, 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.

Report on Summarized Comparative Information

We have previously audited the Jewish Community Center of Greater Rochester, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
April 28, 2017

JEWISH COMMUNITY CENTER
OF GREATER ROCHESTER, INC.
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ -	$ 1,966,791
Unconditional promises to give	1,995,695	2,019,485
Accounts receivable, net of allowance for doubtful accounts of $12,927 and $8,427, respectively	86,725	98,044
Other current assets	1,143,829	745,216
Total current assets	3,226,249	4,829,536
Other Assets		
Long-term unconditional promises to give, net of allowance for doubtful promises to give of $70,000	5,535,418	6,254,018
Long-term investments	9,013,024	9,511,094
Property and equipment - net	20,704,740	11,537,012
Total other assets	35,253,182	27,302,124
Total Assets	$ 38,479,431	$ 32,131,660
LIABILITIES AND NET ASSETS		
Current Liabilities		
Bank overdraft	$ 69,878	$ -
Debt - current portion	3,659,305	19,032
Accounts payable	1,134,614	748,391
Accrued payroll, taxes, and withholdings	294,422	470,241
Deferred revenues	2,703,997	2,573,725
Other current liabilities	63,787	72,887
Total current liabilities	7,926,003	3,884,276
Long-Term Liabilities		
Debt - net of current portion	4,278,788	1,772,810
Total Liabilities	12,204,791	5,657,086
Net Assets		
Unrestricted	7,432,283	9,351,027
Temporarily restricted	16,186,602	14,535,350
Permanently restricted	2,655,755	2,588,197
Total net assets	26,274,640	26,474,574
Total Liabilities and Net Assets	$ 38,479,431	$ 32,131,660

The accompanying notes are an integral part of these financial statements.

JEWISH COMMUNITY CENTER
OF GREATER ROCHESTER, INC.
Statement of Activities
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
Support and Revenues					
Gifts, grants, and donations	$ 361,306	$ 2,122,134	$ 67,558	$ 2,550,998	$ 6,668,415
Program services	5,622,253	-	-	5,622,253	5,571,544
Membership dues	2,653,395	-	-	2,653,395	2,762,094
Other revenue	557,310	-	-	557,310	686,760
Special events	163,512	-	-	163,512	272,753
Interest and dividend income	137,628	91,352	-	228,980	229,877
Realized gain on investments	23,002	18,069	-	41,071	218,687
Unrealized loss on investments	(90,332)	(70,960)	-	(161,292)	(140,528)
Jewish Community Federation	139,055	-	-	139,055	149,055
United Way	932	-	-	932	2,299
Loss on promises to give	(28,649)	-	-	(28,649)	(40,401)
Total support and revenues	9,539,412	2,160,595	67,558	11,767,565	16,380,555
Expenses					
Program services	10,198,458	-	-	10,198,458	9,893,381
Management and general	1,524,467	-	-	1,524,467	1,200,577
Fundraising	244,574	-	-	244,574	210,698
Total expenses	11,967,499	-	-	11,967,499	11,304,656
Net Assets Released from Restrictions	509,343	(509,343)	-	-	-
Change in Net Assets	(1,918,744)	1,651,252	67,558	(199,934)	5,075,899
Net Assets - Beginning	9,351,027	14,535,350	2,588,197	26,474,574	21,398,675
Net Assets - Ending	$ 7,432,283	$ 16,186,602	$ 2,655,755	$ 26,274,640	$ 26,474,574

The accompanying notes are an integral part of these financial statements.

JEWISH COMMUNITY CENTER
OF GREATER ROCHESTER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Program Services											
	Health and Physical Fitness	Arts and Theater	Early Childhood	Children and Youth	Seniors	Adults	Special Needs	Total Program Services	Management and General	Fundraising	2016 Total	2015 Total
Salaries	$ 1,927,760	$ 216,395	$ 1,512,116	$ 1,140,482	$ 35,444	$ 114,481	$ 48,550	$ 4,995,228	$ 762,316	$ 119,793	$ 5,877,337	$ 5,704,240
Employee health and retirement	83,668	9,392	65,629	49,499	1,538	4,969	2,107	216,802	31,523	5,199	253,524	240,491
Payroll taxes and related expenses	140,025	15,718	109,833	82,839	2,575	8,315	3,526	362,831	52,756	8,701	424,288	407,077
Professional fees	282,295	31,689	221,430	167,008	5,190	16,764	7,109	731,485	106,360	17,542	855,387	543,330
Supplies, food, and resale items	377,257	42,349	295,919	223,190	6,937	22,403	9,501	977,556	142,139	23,443	1,143,138	1,083,163
Telephone	21,315	2,392	16,720	12,610	392	1,266	537	55,232	8,031	1,325	64,588	54,247
Postage	9,808	1,101	7,693	5,802	181	582	247	25,414	3,695	609	29,718	36,932
Occupancy costs	324,217	36,395	254,313	191,810	5,961	19,253	8,165	840,114	122,155	20,147	982,416	1,057,780
Printing, publications, and advertising	103,699	11,641	81,340	61,349	1,907	6,158	2,611	268,705	39,070	6,444	314,219	163,471
Vehicle expenses and travel	91,127	10,229	71,478	53,912	1,676	5,412	2,295	236,129	34,334	5,663	276,126	422,864
Conferences	12,098	1,358	9,490	7,158	222	718	305	31,349	4,558	752	36,659	16,026
Professional dues	9,485	1,065	7,440	5,611	174	563	239	24,577	3,574	590	28,741	18,724
Small equipment	3,115	349	2,442	1,842	57	185	78	8,068	1,173	193	9,434	13,548
Interest expense	46,056	5,170	36,126	27,247	847	2,735	1,159	119,340	17,352	2,862	139,554	61,607
Insurance	113,865	12,782	89,315	67,364	2,094	6,762	2,868	295,050	42,900	7,076	345,026	318,502
Bank/credit card fees	52,878	5,936	41,477	31,283	972	3,140	1,332	137,018	19,922	3,286	160,226	189,800
Other	37,645	4,226	29,528	22,271	692	2,235	948	97,545	14,183	2,339	114,067	68,795
Total expenses before depreciation	3,636,313	408,187	2,852,289	2,151,277	66,859	215,941	91,577	9,422,443	1,406,041	225,964	11,054,448	10,400,597
Depreciation of building, improvements, and equipment	299,479	33,618	234,909	177,175	5,507	17,784	7,543	776,015	118,426	18,610	913,051	904,059
Total Expenses	$ 3,935,792	$ 441,805	$ 3,087,198	$ 2,328,452	$ 72,366	$ 233,725	$ 99,120	$ 10,198,458	$ 1,524,467	$ 244,574	$ 11,967,499	$ 11,304,656

The accompanying notes are an integral part of these financial statements.

JEWISH COMMUNITY CENTER
OF GREATER ROCHESTER, INC.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ (199,934)	$ 5,075,899
Adjustments		
Loss on promises to give	28,649	40,401
Depreciation	913,051	904,059
Realized gain on investments	(41,071)	(218,687)
Unrealized loss on investments	161,292	140,528
Discount on unconditional promises to give	(87,776)	(20,003)
Accrued interest income	-	(26)
Changes in assets and liabilities		
Unconditional promises to give	806,017	(3,760,317)
Accounts receivable	6,819	22,691
Other current assets	(398,613)	103,640
Bank overdraft	69,878	-
Accounts payable	(669,567)	630
Accrued payroll, taxes, and withholdings	(175,819)	29,520
Deferred revenues	130,272	190,292
Other current liabilities	(9,100)	7,151
Net cash flows from operating activities	534,098	2,515,778
Cash Flows from Investing Activities		
Net long-term investment activity	377,849	130,674
Purchases of property and equipment	(9,024,989)	(734,229)
Net cash flows from investing activities	(8,647,140)	(603,555)
Cash Flows from Financing Activities		
Repayments of revolving term/pledge loan	(1,865,852)	-
Repayment of construction loan	(125,880)	(134,424)
Repayment of Avi Chai loan	(19,032)	(57,097)
Proceeds from revolving term loan	7,822,318	-
Net borrowings on line of credit	602,375	-
Collateral transfer	(267,678)	-
Net cash flows from financing activities	6,146,251	(191,521)
Net Change in Cash and Cash Equivalents	(1,966,791)	1,720,702
Cash and Cash Equivalents - Beginning	1,966,791	246,089
Cash and Cash Equivalents - Ending	$ -	$ 1,966,791

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies and Nature of the Organization

Nature of the Organization - The Jewish Community Center of Greater Rochester, Inc. (the Organization) is a not-for-profit, voluntary health agency whose mission is to strengthen Jewish identity and continuity by providing opportunities to participate in quality experiences that enrich personal, cultural, social and physical growth, and by promoting the well-being of the entire Jewish community and the community as a whole.

The Board of Directors and management employees of the Organization acknowledge that, to the best of their knowledge, all assets received have been used for the purpose for which they were contributed, or have been accumulated to allow management to conduct the operations of the Organization as effectively and efficiently as possible.

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

Basis of Presentation - ASC 958-205, *Financial Statements of Not-for-Profit Entities,* requires the Organization to report information regarding its net assets and changes therein in the following categories:

Unrestricted - Represent resources over which the Board of Directors has discretionary control and are used to carry out the general activities and operations of the Organization.

Temporarily Restricted - Temporarily restricted net assets are those whose use has been restricted by donors to a specific time period or purpose including investment earnings on permanently restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Permanently Restricted - Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Cash and Cash Equivalents - Cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents exclude amounts held within investment portfolios. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Unconditional Promises to Give - Unconditional promises to give include pledges and bequests made to the Organization. Pledges are recorded as receivables in the year the pledge commitment is made. Bequests are recognized when the Organization receives notification of the bequest and when a probate court declares the will valid. The Organization records unrestricted pledges and bequests receivable in future periods as temporarily restricted support. Management estimates an allowance for doubtful promises to give based on a regular review of overdue pledges. Pledges are recorded at their estimated net present value using discount rates ranging from 0.58% to 1.49%. Amounts are reported as unconditional promises to give on the statement of financial position.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable are stated at unpaid balances and are net of an allowance for doubtful accounts. The Organization estimates the allowance based on its analysis of specific balances, taking into consideration the age of past due accounts and anticipated collections resulting from legal action. Receivables are considered impaired if payment is not received in accordance with terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Investments - Investments are reported at their fair values in accordance with ASC 820-10. The Organization is required to report investments in equity securities with readily determinable fair values and all debt securities at fair value, with gains and losses reflected in the statement of activities. Following these guidelines, securities donated would be initially valued at fair value as of the date donated. Due to the risks associated with investment securities and the uncertainty related to changes in the fair market value of investment securities, it is at least reasonably possible that changes in fair market value could affect the net assets of the Organization.

The net increase or decrease in the fair market value of non-current investments is reflected as an increase or reduction in the appropriate statement of activities. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. The fair value of investments is disclosed in Note 3.

Investments that represent 10 percent or more of the Organization's total investments are as follows at June 30:

	2016	2015
SPDR S&P 500 ETF (SPY)	$ 2,152,356	$ 2,274,643

Property and Equipment - Property and equipment are recorded at cost, if purchased, or at fair market value, if donated, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. It is the Organization's policy to capitalize all assets with an estimated useful life of more than one year. Maintenance and repairs are charged to expense. The cost of property and equipment retired or otherwise disposed of and related accumulated depreciation is removed from the accounts.

Estimated useful lives of property and equipment are as follows:

Building and improvements	10 - 48 Years
Furnishings and equipment	3 - 12 Years
Land improvements	15 Years

Deferred Revenues - Membership dues and certain program fees are recorded as revenues when earned. Accordingly, amounts billed and paid prior to being earned are recorded as deferred revenues and recognized when services are rendered.

Beginning August 1, 2014, the Organization entered into a 78-year lease of a cell tower on the Organization's property that included a prepayment for the full amount of the lease. The deferred revenue will be amortized into income over the term of the lease.

Contributions - Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets and unrestricted if they are received without donor stipulations. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as income of unrestricted net assets.

Volunteers have donated significant amounts of time in support of the Organization's activities. However, the value of these services is not reflected in the accompanying statements, as these services do not meet the criteria for recognition in accordance with generally accepted accounting principles.

During the years ended June 30, 2016 and 2015, the Organization recognized $125,000 and $- of in-kind donations, respectively. These consisted of costs related to the construction project.

Functional Expenses - Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

Income Taxes - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Total Columns - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through the date of the report, which is the date the consolidated financial statements were available to be issued.

Note 2. Unconditional Promises to Give

Unconditional promises to give consisted of the following at June 30:

	2016	2015
Gross amounts receivable in future years	$ 7,814,420	$ 8,469,035
Discount for present value of future payments	(213,307)	(125,532)
Allowance for doubtful promises to give	(70,000)	(70,000)
Net unconditional promises to give	$ 7,531,113	$ 8,273,503

Payments expected to be received on unconditional promises to give are as follows:

2017	$ 1,995,695
2018	3,641,895
2019	816,173
2020	135,466
2021	17,070
Thereafter	924,814
Total	$ 7,531,113

Note 3. Fair Value Measurements

The Organization measures its investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the liability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and cash equivalents, mutual funds, and government securities - Valued at the net asset value of shares held at year end (Level 1).

Israel bonds - Valued at the purchase price paid for the investment purchased from a third party (Level 2).

Asset-backed securities - Valued by the underlying investments held within the security (Level 2).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments measured at fair value are summarized below:

	Investments at Fair Value as of June 30, 2016		
	Level 1	**Level 2**	**Total**
Cash and cash equivalents	$ 1,652,845	$ -	$ 1,652,845
Israel bonds	-	286,000	286,000
Mutual funds			
Balanced funds	4,810,704	-	4,810,704
Commodities	197,247	-	197,247
Fixed income funds	595,702	-	595,702
Value funds	462,659	-	462,659
Total mutual funds	6,066,312	-	6,066,312
Government securities	398,064	-	398,064
Asset-backed securities	-	609,803	609,803
Total investments at fair value	$ 8,117,221	$ 895,803	$ 9,013,024

	Investments at Fair Value as of June 30, 2015		
	Level 1	**Level 2**	**Total**
Cash and cash equivalents	$ 1,772,386	$ -	$ 1,772,386
Israel bonds	-	285,913	285,913
Mutual funds			
Balanced funds	5,098,315	-	5,098,315
Commodities	152,100	-	152,100
Fixed income funds	686,806	-	686,806
Value funds	491,769	-	491,769
Total mutual funds	6,428,990	-	6,428,990
Government securities	312,965	-	312,965
Asset-backed securities	-	710,840	710,840
Total investments at fair value	$ 8,514,341	$ 996,753	$ 9,511,094

Note 4. Endowment Funds

Interpretation of Relevant Law - The Board of the Organization has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) 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. Absent explicit donor stipulations to the contrary, 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 NYPMIFA. In accordance with NYPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, (7) the Organization's investment policies, and (8) alternatives to expenditure of the endowment fund.

Investment Return Objectives, Risk Parameters and Strategies - The Organization has adopted investment and spending policies, approved by the Investment Committee of the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds, if possible.

In addition, the Board has the option to approve an additional 2% to provide for capital improvements. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of at least 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy - The Organization has a spending policy of appropriating for distribution no more than 7% of its donor-designated endowment fund's average market value for the preceding 20 quarters. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects on inflation.

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - July 1, 2014	$ 1,737,249	$ 2,576,437	$ 4,313,686
Contributions	-	121,760	121,760
Investment income	90,611	-	90,611
Restriction reclassification	-	(110,000)	(110,000)
Net appreciation	34,521	-	34,521
Amounts appropriated for expenditure	(168,881)	-	(168,881)
Endowment net assets - June 30, 2015	$ 1,693,500	$ 2,588,197	$ 4,281,697
Contributions	-	67,558	67,558
Investment income	91,352	-	91,352
Net depreciation	(52,891)	-	(52,891)
Amounts appropriated for expenditure	(357,211)	-	(357,211)
Endowment net assets - June 30, 2016	$ 1,374,750	$ 2,655,755	$ 4,030,505

Note 5. Property and Equipment

Property and equipment consisted of the following at June 30:

	2016	2015
Building and improvements	$ 22,083,452	$ 21,946,325
Furnishings and equipment	5,225,427	5,109,766
Land improvements	456,633	456,633
Sub-total	27,765,512	27,512,724
Less, accumulated depreciation	(18,928,882)	(18,014,443)
Sub-total	8,836,630	9,498,281
Add, land	788,473	788,473
Add, construction in progress	11,079,637	1,250,258
Property and equipment - net	$ 20,704,740	$ 11,537,012

Note 6. Debt

Debt consisted of the following at June 30:

	2016	2015
Term-out loan facility due on demand, payable in monthly installments of $10,490, plus interest at the LIBOR rate (3.25% as of June 30, 2016) until called. The loan is secured by all non-real estate assets of the Organization.	$ 1,646,930	$ -
Revolving-term loan note, with monthly principal payments equal to the amount of campaign pledge receivables collected in the preceding month less amounts withdrawn from the Pledge Deposit Account. Minimum annual payments due each December 31, with interest at the LIBOR rate (3.25% as of June 30, 2016). The note is secured by certain investments of the Organization with a minimum value of $5,500,000 and the Pledge Deposit Account and campaign pledge receivables.	5,688,788	-
Working capital line of credit, with a maximum borrowing capacity of $800,000. Advances bear interest at the bank's prime rate (3.50% and 3.25% for the years ended June 30, 2016 and 2015, respectively). The line of credit is secured by the accounts receivable and equipment of the Organization.	602,375	-
Construction line of credit, settled in full.	-	1,772,810
Note, paid in full.	-	19,032
Total	7,938,093	1,791,842
Less, current portion	(3,659,305)	(19,032)
Long-term portion	$ 4,278,788	$ 1,772,810

The minimum future scheduled maturities of long-term debt for the years succeeding June 30, 2016, are as follows:

2017	$ 3,659,305
2018	1,390,000
2019	1,360,000
2020	1,090,000
2021	280,000
Thereafter	840,000

The terms of the debt require the Organization to maintain a financial covenant, encompassing total liabilities to adjusted tangible net worth ratio. As of June 30, 2016, the Organization was in compliance with the required covenant.

The Organization maintained a secured construction line of credit with a maximum borrowing capacity of $1,946,000. Monthly installments of interest only were required at a daily-adjusting LIBOR rate (credited at 3.10% for the year ended June 30, 2015). The line of credit was secured by certain investments of the Organization. The outstanding balance for June 30, 2015 was $1,772,810. As of November 2015, the construction line of credit was converted into the term-out loan facility.

Note 7. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2016	2015
Nature of Restriction		
Temporarily restricted for endowment	$ 1,374,750	$ 1,693,500
Time restriction - capital	14,811,852	12,841,850
Temporarily restricted net assets	$16,186,602	$14,535,350

Changes in temporarily restricted net assets with time restrictions for capital for the year ended June 30, 2016 are as follows:

Time restriction - capital - July 1, 2014	$ 7,085,819
Contributions	5,991,555
Change in allowance	(35,000)
Change in unearned income discount	(20,003)
Payments	(180,521)
Time restriction - capital - June 30, 2015	$ 12,841,850
Contributions	2,122,134
Change in unearned income discount	(87,776)
Payments	(64,356)
Time restriction - capital - June 30, 2016	$ 14,811,852

Permanently restricted net assets are to be held in perpetuity, the income from which is expendable to support the Organization. The principal balances were $2,655,755 and $2,588,197 as of June 30, 2016 and 2015, respectively.

Note 8. Transfers Between Net Asset Classes

The following funds have been loaned from permanently restricted funds:

	2016	2015
The Organization borrowed $627,838 from the endowment fund. This loan will be paid off with the proceeds of pledge receivables from the 2008 capital campaign as they are collected. There are no established repayment terms.	$ 43,501	$ 43,501
The Organization borrowed $200,000 from the endowment fund. There are no established repayment terms.	200,000	200,000
Total loans between permanently restricted and unrestricted net assets	$ 243,501	$ 243,501

Note 9. Defined Contribution Plan

The Organization offers all employees meeting minimum age and service requirements a defined contribution plan (the Plan). The terms of the Plan are in accordance with the 403(b) provisions of the Internal Revenue Code (Code). Under the Plan, all employees may make contributions as permitted by the Code.

Note 10. Post-employment Benefits

Post-employment benefits for the years ended June 30, 2016 and 2015 were as follows:

Deferred Compensation Plan - The Organization provides nonelective employer contributions to a Section 457 Deferred Compensation Plan (the Plan) for the purpose of providing additional retirement benefits for a select group of highly compensated management employees that is designed in accordance with Section 457(b) of the Internal Revenue Code. The liability related to the Plan was $43,003 at June 30, 2016. Payment of the Plan is made from unrestricted net assets as there are no separately held assets related to the Plan.

Deferred compensation expense of $43,003 was recognized by the Organization for the year ended June 30, 2016.

Accrued Severance - The Organization entered into a separation agreement pursuant to the retirement of the executive director as of December 31, 2015. The agreement requires two payments of $36,000 in January 2016 and January 2017. The Organization recognized an expense of $72,000 for the year ended June 30, 2016, of which $36,000 remains due at June 30, 2016 and is included in accrued payroll, taxes, and withholdings.

Note 11. Commitments

The Organization maintains several operating leases for the rental of office and fitness equipment and a vehicle expiring through the fiscal year ended June 30, 2022. Lease payments amounted to $157,167 and $164,712 for the years ended June 30, 2016 and 2015, respectively.

The following is a schedule of future minimum rental expense under the leases as of June 30, 2016:

2017	$ 324,631
2018	268,213
2019	268,213
2020	60,903
2021	55,880
Thereafter	4,358
Total	$ 982,198

Note 12. Supplemental Cash Flow Information

	2016	**2015**
Cash paid during the year for:		
Interest	$ 139,554	$ 61,607
Non-cash investing transactions:		
Construction in progress acquisitions in accounts payable	$ 1,055,790	$ 746,201

Note 13. Reclassifications

Certain reclassifications have been made to the financial statements for the year ended June 30, 2015. These reclassifications are for comparative purposes only and have no effect on change in net assets as originally reported.

Note 14. Subsequent Events

Inter-Fund Term Loan - On October 31, 2016, a term loan was signed to borrow a maximum of $2,000,000 from endowment funds. The borrowings will be due and payable on June 30, 2019, with monthly payments of interest at 2.90%. As of the date of issuance, the Organization has borrowed $1,999,000.

Terminations - Two members of management terminated employment effective September 19, 2016 and August 31, 2016, respectively. Regular salary payments continued through December 17, 2016 and November 2016, respectively. One individual was eligible for the 457(b) Plan, but had no balance in the Plan.

Amended Credit Facility - On March 17, 2017 the organization entered into an amendment to the credit facility agreement as follows:

Revolving Credit Facility of $7,600,787 outstanding as of March 17, 2017, with no additional advances available, interest payable monthly at Libor plus 200Bps, principal repayments based on the Campaign Pledges Receivable collected during the immediately preceding month, with the maximum principal outstanding at the following dates:

January 21, 2018	$5,720,000
December 31, 2018	$4,360,000
December 31, 2019	$3,270,000
December 31, 2020	$2,990,000
December 31, 2021	$2,710,000
December 31, 2022	$2,430,000
December 31, 2023	$2,150,000

Demand Line Note of $2,100,000 with interest payable monthly at Libor plus 300Bps, maturing November 5, 2024

Working Capital Line of Credit of $800,000 with interest payable monthly at Libor plus 325Bps

Supplemental Working Capital Line Note of $200,000 with interest payable monthly at Libor plus 325Bps

Term-Out Loan of $1,552,520 payable in monthly installments of $10,490 plus interest at Libor plus 275Bps