



Presbyterian Children's
Homes and Services

**PRESBYTERIAN CHILDREN'S HOMES AND SERVICES
OF MISSOURI
AUDITED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS
December 31, 2016 and 2015**

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Presbyterian Children's Homes and Services of Missouri
St. Louis, Missouri

We have audited the accompanying financial statements of Presbyterian Children's Homes and Services of Missouri (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 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.

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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 Presbyterian Children's Homes and Services of Missouri as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule on page 31 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
May 23, 2017

FINANCIAL STATEMENTS

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PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 153,190	\$ 272,327
Receivables		
Bequests from estates and trusts	210,700	-
Gov't and local agencies, net of allowance	498,387	539,402
Contributions, net of allowance	76,339	98,187
Prepaid expenses	38,249	51,936
Total current assets	<u>976,865</u>	<u>961,852</u>
Investments, at fair value	655,494	601,346
Investments, at cost	7,000	7,000
Other assets	58,104	67,065
Scholarship loans	6,323	9,729
Property and equipment, net of accum depreciation	4,884,849	5,012,867
Assets held in charitable remainder trusts	459,762	412,780
Beneficial interests in third-party trusts		
Charitable remainder trusts	145,254	139,725
Perpetual trusts	1,371,073	2,777,774
Total Assets	<u>\$ 8,564,724</u>	<u>\$ 9,990,138</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lines of credit	100,000	175,000
Current portion of long-term debt	161,188	153,510
Accounts payable	157,041	133,193
Accrued expenses	320,100	310,083
Due to affiliate	218,131	208,947
Related party payable	108,420	29,975
Current portion of annuities payable	37,192	37,192
Total current liabilities	<u>1,102,072</u>	<u>1,047,900</u>
Long-term debt	3,507,906	3,646,692
Long-term annuities payable	149,997	160,014
Total liabilities	<u>4,759,975</u>	<u>4,854,606</u>
NET ASSETS		
Unrestricted	134,401	426,739
Temporarily restricted	1,199,158	856,323
Permanently restricted	2,471,190	3,852,470
Total net assets	<u>3,804,749</u>	<u>5,135,532</u>
Total liabilities and net assets	<u>\$ 8,564,724</u>	<u>\$ 9,990,138</u>

The accompanying notes are an integral part of this statement.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2016 and 2015

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
PUBLIC SUPPORT AND REVENUES				
Contributions				
Public	\$ 534,551	\$ 79,527	\$ -	\$ 614,078
Estates and trusts	21,480	210,700	-	232,180
Related organizations	77,662	-	-	77,662
Total contributions	<u>633,693</u>	<u>290,227</u>	<u>-</u>	<u>923,920</u>
Fees and grants from gov't and local agencies	2,982,608	-	-	2,982,608
Program service fees	4,304,659	-	-	4,304,659
Interest and dividends	21,555	890	6,293	28,738
Gain on investments	16,287	4,057	26,033	46,377
Gain (loss) on charitable remainder trusts	-	52,511	-	52,511
Loss from perpetual trusts	-	-	(1,406,701)	(1,406,701)
Gain on sale of assets	3,843	-	-	3,843
Loss on annuities	(27,175)	-	-	(27,175)
Other income	303,988	-	-	303,988
Net assets released from restrictions	4,850	(4,850)	-	-
Total public support and revenues	<u>8,244,308</u>	<u>342,835</u>	<u>(1,374,375)</u>	<u>7,212,768</u>
EXPENSES				
Program services				
Residential treatment	3,702,373	-	-	3,702,373
Professional services	3,686,598	-	-	3,686,598
Total program services	<u>7,388,971</u>	<u>-</u>	<u>-</u>	<u>7,388,971</u>
Supporting services				
Management and general	764,640	-	6,905	771,545
Development and public relations	383,035	-	-	383,035
Total support services	<u>1,147,675</u>	<u>-</u>	<u>6,905</u>	<u>1,154,580</u>
Total expenses	<u>8,536,646</u>	<u>-</u>	<u>6,905</u>	<u>8,543,551</u>
CHANGES IN NET ASSETS	(292,338)	342,835	(1,381,280)	(1,330,783)
NET ASSETS, Beginning	426,739	856,323	3,852,470	5,135,532
NET ASSETS, Ending	<u>\$ 134,401</u>	<u>\$ 1,199,158</u>	<u>\$ 2,471,190</u>	<u>\$ 3,804,749</u>

The accompanying notes are an integral part of this statement.

2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 496,590	\$ 87,093	\$ -	\$ 583,683
150,458	-	-	150,458
80,593	-	-	80,593
727,641	87,093	-	814,734
3,016,722	-	-	3,016,722
5,707,010	-	-	5,707,010
36,616	852	6,374	43,842
8,432	1,537	12,981	22,950
-	(37,268)	-	(37,268)
-	-	(88,749)	(88,749)
459,506	-	-	459,506
(8,798)	-	-	(8,798)
178,194	-	-	178,194
-	-	-	-
10,125,323	52,214	(69,394)	10,108,143
4,070,346	-	-	4,070,346
4,774,986	-	-	4,774,986
8,845,332	-	-	8,845,332
691,304	-	2,450	693,754
469,752	-	-	469,752
1,161,056	-	2,450	1,163,506
10,006,388	-	2,450	10,008,838
118,935	52,214	(71,844)	99,305
307,804	804,109	3,924,314	5,036,227
\$ 426,739	\$ 856,323	\$ 3,852,470	\$ 5,135,532

The accompanying notes are an integral part of this statement.

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PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2016 and 2015

	Years Ended December 31,	
	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ (1,330,783)	\$ 99,305
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Bad debts	1,576	45,050
Depreciation	203,035	190,037
Gain on sale of assets	(3,843)	(459,506)
Gain on investments	(46,377)	(22,950)
Loss (gain) from charitable remainder trusts	(52,511)	37,268
Loss from perpetual trusts	1,406,701	88,749
Losses on annuities	27,175	8,798
Changes in:		
Receivables		
Bequests from estates and trusts	(210,700)	66,500
Government and local agencies	42,715	110,967
Contributions	21,848	(82,243)
Related party	-	226,099
Prepaid expenses	13,687	16,385
Other assets	8,961	1,368
Assets held in charitable remainder trusts	(46,982)	16,789
Scholarship loans	130	2,989
Beneficial interests in third-party trusts	46,982	(16,789)
Accounts payable	23,848	(70,081)
Due to affiliate	9,184	38,928
Related party payable	78,445	29,975
Accrued expenses	10,017	53,449
Annuities payable	(37,192)	(37,303)
Net cash provided by (used in) operating activities	<u>165,916</u>	<u>343,784</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(75,017)	(106,409)
Proceeds from sale of property and equipment	3,843	529,502
Proceeds from sale of investments	70,244	223,149
Purchase of investments	(78,015)	(585,514)
Net cash provided by (used in) investing activities	<u>(78,945)</u>	<u>60,728</u>
FINANCING ACTIVITIES		
Borrowings on lines of credit	375,000	835,113
Repayment on lines of credit	(450,000)	(902,373)
Borrowings on long term debt	22,702	23,480
Repayment of long term debt	(153,810)	(246,957)
Net cash used in financing activities	<u>(206,108)</u>	<u>(290,737)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(119,137)	113,775
CASH AND CASH EQUIVALENTS, Beginning	272,327	158,552
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 153,190</u>	<u>\$ 272,327</u>
SUPPLEMENTAL DISCLOSURE:		
Interest paid	<u>\$ 147,787</u>	<u>\$ 154,358</u>

The accompanying notes are an integral part of this statement.

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PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Presbyterian Children's Homes & Services of Missouri (PCHAS-MO) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the significant policies.

History

Presbyterian Children's Homes and Services of Missouri (PCHAS-MO), a Missouri non-profit corporation, was formerly Children's Foundation of Mid-America, Inc. The Agency was established in 1914 and changed its name to Presbyterian Children's Homes and Services of Missouri (PCHAS-MO) in 2013 upon affiliation with Presbyterian Children's Homes and Services (PCHAS-TX). PCHAS-MO provides Christ-centered care and support to children and families in need through residential treatment programs for adolescents, professional services such as community based case management programs for children of all ages that are from troubled family backgrounds and other related family services.

PCHAS-MO program services are provided in the following locations.

<u>Residential Treatment</u>	<u>Professional Services</u> <u>Community Based/Case Management</u>
Columbia	Columbia
Farmington	Joplin
Springfield	Springfield
	St. Louis

Estimates

In the preparation of financial statements in conformity with generally accepted accounting principles, management uses estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported revenue and expenses. While management believes these estimates to be reasonable, actual results could differ from those estimates. Significant estimates in the financial statements relate to determination of the allowance for uncollectible receivables, student loans and pledges, depreciable lives of property and equipment, valuation of annuities payable and fair value of investments.

Financial Statement Presentation

The financial statements of PCHAS-MO were prepared using the accrual basis of accounting. Under this basis, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

PCHAS-MO resources are classified for accounting and reporting purposes into three asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories is as follows:

Unrestricted Net Assets - Represent those net assets that are not restricted by donors. All contributions are considered to be available for unrestricted use and available for operations unless specifically restricted by the donor.

Temporarily Restricted Net Assets - Represent those net assets whose use has been limited by donor-imposed stipulations that either specify expenditures, expire by passage of time, or can be fulfilled and removed by actions of the Board pursuant to those stipulations. Net assets in this classification are primarily related to time and program restrictions.

Permanently Restricted Net Assets - Represent those net assets that must be maintained in perpetuity, the income from which can be spent for operations except for the Park Fund and beneficial interest in third-party trusts. The income from these funds is subject to restrictions.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, PCHAS-MO considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents are stated at cost, which approximates market value.

PCHAS-MO from time to time during the year may have bank balances in excess of its insured limits. Management has deemed this as normal business risk.

PCHAS-MO has money market mutual funds, which are not federally insured, but are subject to Securities Investor Protection Coverage (SIPC) as of December 31, 2016 and December 31, 2015.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Receivables are deemed to be past due once they are more than 60 days old. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

Changes in the allowance for doubtful accounts, including receivables from government and local agencies, contributions, and scholarship loans, are as follows:

	As of and for the Years Ended December 31,	
	2016	2015
Balance - beginning	\$ 80,262	\$ 47,212
Provision for doubtful accounts	1,576	45,050
Accounts written off	(52,638)	(12,000)
Balance - ending	\$ 29,200	\$ 80,262

Investments

Investments in marketable securities are carried at market value based on the closing prices on the stock exchange as of the last day of the period. Net realized and unrealized gains (losses) are reported as changes in unrestricted or temporarily restricted net assets based on any donor restrictions. PCHAS-MO also has an investment in a related party that is recorded at cost.

Scholarship Loans

PCHAS-MO provides educational loans to eligible residents and former resident students based on restricted net assets. Educational loans to residents and former residents are non-interest bearing and are funded through donor restricted funds. The practice of extending educational loans with a simple interest rate of 5% to former and current employees and their families was discontinued in 2013.

Student loans are stated at cost when awarded. The student is obligated to start repaying the loans upon graduation. Generally, repayment of loans is scheduled over five years. No interest is charged or accrued on loans while a student is actively enrolled in school.

The allowance for uncollectible accounts for scholarship loans decreased from 2015 to 2016 by \$13,573. There was no change in the allowance from 2014 to 2015.

Property and Equipment

Purchases of property and equipment with values of \$2,000 or more are capitalized, while all other purchases are recorded as expense in the year purchased. Property and equipment is recorded at cost, if purchased, or at estimated fair market value on the date of receipt, if donated.

Depreciation of property and equipment is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	40
Furniture, fixtures and equipment	5 - 10
Vehicles	3

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Unconditional promises-to-give cash and other assets are reported at fair value at the date the promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are temporarily restricted as to use by the donor are reported as unrestricted when the restriction is fulfilled in the same time period in which the contribution is received.

Contributions that have been pledged but not received as of the end of an accounting period are reported at the net present value of the future cash flows of such pledges. Contributions that are conditional upon some event are not reported until such time as the condition has been met. Certain grants may qualify as contributions and, accordingly, they are recognized as support when made.

Designation of Unrestricted Net Assets

It is the policy of the Board of Trustees to review its plans for future property and improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

Program Service Fees and Grants from Governmental and Local Agencies

Fees and grants from governmental and local agencies are generally recognized as revenue in the period that specific services are performed.

Program service fees are recognized when the services are provided and are reported at the net realizable amounts from private payers, third-party payers, and others.

Contributions, Investment Income and Gains Restricted by Donors

PCHAS-MO reports gifts or investment income and gains as restricted income if it is received with donor stipulation that restricts the gift's use or income to a specific purpose or has a time restriction. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. If these restrictions are met in the same period in which the gift or income is earned, the gift or income is recorded as unrestricted support.

Estate Bequests and Beneficial Interest

PCHAS-MO records contributions from donors for legacies and bequests as it is notified and the amounts are determinable. Additionally, the Agency records contributions from donors for charitable gift annuities.

PCHAS-MO is a beneficiary of trusts in which the donors have established perpetual trusts administered by third-party trustees. PCHAS-MO has the irrevocable right to receive the income earned on the trust assets in perpetuity. The amount recorded in the statement of financial position represents the estimated fair value of the contributions based on its percentage interest of the fair value of the trust assets.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estate Bequests and Beneficial Interest (Continued)

PCHAS-MO is a beneficiary of charitable remainder trusts. PCHAS-MO has the irrevocable right to receive the distributions for a specified period of time and/or principal of the trust at the death of the donors or beneficiaries. The amount recorded in the statement of financial position represents the estimated fair value of the contribution measured as the present value of the principal based upon the actuarial lives of the donors.

Donated Materials

PCHAS-MO records the value of donated materials as contributions when there is an objective basis available to measure their fair value. As donated items are used by our programs, a corresponding expense is recorded.

Donated Services

Donated services are recognized as contributions if the services create or enhance non-financial assets or if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by PCHAS-MO. In addition, volunteers provide assistance with specific programs, fundraising, and work on many committees that is not recognized as revenue since the recognition criteria were not met.

Advertising

Advertising costs are charged to operations when incurred and were \$4,821 and \$2,413 for the years ended December 31, 2016 and 2015, respectively.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. PCHAS-MO determines the fair values of its financial instruments based on the 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.

Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using 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 of substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 from prior periods.

Corporate stocks, bond and equity funds, and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds are valued at the net asset value (NAV) of shares held at the end of the year.

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 PCHAS-MO 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.

Income Tax Status

PCHAS-MO is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). The Agency has concluded that no tax benefits or liabilities are required to be recognized in accordance with generally accepted accounting principles. The last three tax years remain open to examination by taxing authorities.

PCHAS-MO has adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Tax*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting and interim periods, disclosure, and transition. Management believes there were none. In addition, PCHAS-MO qualifies for the charitable contribution deduction under Section 170 and has been classified as an organization other than a private foundation under Section 509(a)3.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentations. Such reclassifications had no effect on previously reported change in net assets.

Compensated Absences

Full-time employees accrue 18 to 34 days per year of Earned Time Off (ETO) based upon their position and length of service. The maximum balance allowed is 42 days. Upon termination, employees are paid up to 100% of their unused ETO balance depending on their length of service.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

PCHAS-MO allocates expenses on a functional basis among its various program and supporting services. Expenses that can be directly associated with a specific program are allocated directly according to their functional expense classification. Other expenses that are common to several functions are allocated by various statistical bases. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency.

Affiliation with Presbyterian Children's Homes and Services

Effective January 15, 2013, Presbyterian Children's Homes and Services (PCHAS-TX), a Texas nonprofit corporation, entered into an affiliation agreement with Presbyterian Children's Homes and Services of Missouri (PCHAS-MO), formerly Children's Foundation of Mid-America, a Missouri nonprofit corporation. Under this affiliation, PCHAS-MO and PCHAS-TX remain separate corporations and operate programs independently. On January 15, 2013, PCHAS-MO and PCHAS-TX entered into a shared services agreement through which specified areas of knowledge and expertise are mutually shared. PCHAS-TX provides supervision and oversight to several PCHAS-MO departments including the human resources, administrative, finance, development and quality assurance staff. PCHAS-MO provides information technology support and some administrative support services to PCHAS-TX. As of December 31, 2016 and 2015, PCHAS-MO has a net payable of \$218,131 and \$208,947 to PCHAS-TX, respectively. In 2016, PCHAS-TX provided \$75,543 of labor for administrative, development and financial support services to PCHAS-MO and the reimbursement of travel expenses and affiliated material purchases. In addition, PCHAS-MO provided \$66,359 of technology, mentoring program and accreditation support services to PCHAS-TX.

NOTE 2 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	December 31,	
	2016	2015
Checking	\$ 111,820	\$ 222,705
Money market mutual funds	41,370	49,622
	<u>\$ 153,190</u>	<u>\$ 272,327</u>

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 3 — INVESTMENTS

Investments consist of the following:

	December 31,	
	2016	2015
Investments, at fair value		
Corporate stocks	\$ 59,741	\$ 58,834
Bond funds	595,534	542,221
U.S. government obligations	219	291
	<u>\$ 655,494</u>	<u>\$ 601,346</u>
Investments, at cost		
Investment in Missouri Alliance for Children and Families, L.L.C.	<u>\$ 7,000</u>	<u>\$ 7,000</u>

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	2016	2015
Land	\$ 1,301,635	\$ 1,301,635
Buildings and building improvements	6,262,902	6,230,741
Furniture, fixtures and equipment	893,242	882,018
Vehicles	165,421	158,788
	<u>8,623,200</u>	<u>8,573,182</u>
Less accumulated depreciation	<u>(3,738,351)</u>	<u>(3,560,315)</u>
	<u>\$ 4,884,849</u>	<u>\$ 5,012,867</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$203,035 and \$190,037, respectively. PCHAS-MO reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairments of assets indicated in 2016 or 2015, respectively.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 5 — ASSETS HELD IN CHARITABLE REMAINDER TRUSTS

Donors have established charitable remainder trusts, naming the PCHAS-MO as the trustee. Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are to be available for the Agency's use, subject to donor-imposed restrictions. Assets held in charitable remainder trusts at December 31, 2016 and 2015 totaled \$459,762 and \$412,780, respectively, and are reported at fair value in the Agency's statement of financial position. These trust assets, which are invested and administered by bank trustees, are invested generally in equity securities (83%), fixed income securities (10%), and cash equivalents (7%).

Income from charitable remainder trusts including gains is reflected in the Agency's statement of activities. On an annual basis, PCHAS-MO reviews the need to re-evaluate the liability to make distributions to the designated beneficiaries based on actuarial assumptions. There were no changes in actuarial assumptions resulting in revaluations during the years ended December 31, 2016 and 2015. There was no liability under the unitrust as of December 31, 2016.

NOTE 6 — BENEFICIAL INTEREST IN THIRD-PARTY TRUSTS

Donors have also established trusts with third party financial institutions naming PCHAS-MO as the beneficiary of charitable remainder trusts. At the time of the donors' deaths, the trusts terminate and remaining trust assets are distributed to PCHAS-MO and other entities, based upon formulas set forth in the trusts.

Charitable Remainder Trusts

Based upon donor life expectancy, the present value of future benefits expected to be received by the Agency is estimated to be \$145,254 and \$139,725 at December 31, 2016 and 2015, respectively. These trust assets, which are invested and administered by bank trustees, are invested generally in equity securities (68%), alternative strategies (16%), fixed income securities (14%), and cash equivalents (2%).

Changes in the fair value of charitable remainder trusts are reflected as changes in temporarily restricted net assets in the Agency's statement of activities.

Perpetual Trusts

PCHAS-MO is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Agency. PCHAS-MO has legally enforceable rights and claims to such assets, including the sole right to income. These trust assets, which are invested and administered by bank trustees, are invested generally in equity securities (60%), fixed income securities (10%), alternative strategies (2%), real estate (17%) and cash equivalents (11%).

The change in fair value related to the beneficial interests is reported as changes in permanently restricted net assets based on explicit donor stipulations. The fair value at December 31, 2016 and 2015 of those beneficial interest was \$1,371,073 and \$2,777,774 respectively.

The decrease in the fair value of the beneficial trusts was primarily the result of a court modification of a trust during the year that resulted in a decrease in the percentage interest held by PCHAS-MO from 100% of the beneficial interest to 50% interest. While the percentage interest changed, the court modification allowed the trust to sell less liquid property assets and invest in securities to increase the income potentially available to the beneficiaries.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 7 — LINES OF CREDIT

Notes payable consists of the following:

	December 31,	
	2016	2015
\$200,000 line of credit with a bank; interest payable monthly at prime rate plus 0.50%, subject to 4.75% floor; principal and interest due April 9, 2018, secured by property	\$ 100,000	\$ -
\$250,000 line of credit with a bank; interest payable monthly at prime rate plus 0.50%, subject to 4.00% floor; principal and interest due Sept. 22, 2017, secured by property	-	175,000
	<u>\$ 100,000</u>	<u>\$ 175,000</u>

The prime rate at December 31, 2016 and 2015 was 3.75% and 3.5%, respectively. Interest paid on lines of credit for the years ended December 31, 2016 and 2015 was \$6,075 and \$3,453, respectively.

NOTE 8 — LONG-TERM DEBT

Long-term debt consists of the following:

	December 31,	
	2016	2015
\$1,162,982 term loan with bank; payable in monthly installments of \$7,598, including interest, payable at 4.85%; final payment due November 21, 2027 - collateralized by real property	\$ 771,600	\$ 823,968
\$750,000 term loan with bank; payable in monthly installments of \$4,544, including interest, at lender's 1 Yr. CD rate plus 3.5%; final payment due October 9, 2029 - collateralized by real property	536,677	567,291
\$2,000,000 term loan with bank; payable in monthly installments of \$12,618, including interest, payable at 4.5%; final payment due in January 15, 2018 - collateralized by real property	1,722,922	1,793,750
\$850,000 line of credit with an affiliated organization; interest payable monthly at prime rate plus 0.50% ; principal and interest due December 31, 2018, secured by property.	\$ 637,895	\$ 615,193
	<u>3,669,094</u>	<u>3,800,202</u>
Less current portion of long-term debt	161,188	153,510
	<u>\$ 3,507,906</u>	<u>\$ 3,646,692</u>

Interest paid on long-term debt for the years ended December 31, 2016 and 2015 was \$137,714 and \$145,234, respectively.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 8 — LONG-TERM DEBT (Continued)

Future maturities of long-term debt are as follows:

	Year Ending December 31,
2017 - current portion	161,188
2018	2,377,465
2019	95,365
2020	99,805
2021	104,729
Thereafter	830,542
	<u>\$ 3,669,094</u>

NOTE 9 — ANNUITIES PAYABLE

PCHAS-MO receives donations from benefactors in exchange for annuities that provide income to a named beneficiary (or beneficiaries) until their death. The difference between the amount of the donation and the present value of expected future payments to the beneficiary is recognized as revenue in the year of the donation. The total expected annual payments of \$37,192 at December 31, 2016 remained unchanged from December 31, 2015. In calculating the present value of the annuities, PCHAS-MO used a discount rate based on the IRS applicable federal rate for the month the contributions were received, which were applied to the current expected payoff based on the annuitant's remaining expected life.

Future maturities of annuities payable are as follows:

	Year Ending December 31,
2017 - current portion	37,192
2018	34,868
2019	31,407
2020	21,821
2021	17,254
Thereafter	44,647
	<u>\$ 187,189</u>

NOTE 10 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2016	2015
Program and purpose restrictions		
Scholarships	\$ 189,515	\$ 189,515
Time restrictions	1,009,643	666,808
	<u>\$ 1,199,158</u>	<u>\$ 856,323</u>

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 10 — TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets are released from donor restriction by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors. For the year ended December 31, 2016, net assets of \$4,850 were released due to the satisfaction of program and purpose restrictions. There were no net assets released from donor restrictions for the year ended December 31, 2015.

NOTE 11 — PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following:

	December 31,	
	2016	2015
Endowment funds managed by PCHAS-MO	\$ 1,100,117	\$ 1,074,696
Beneficial interests in third-party trusts- managed by trust companies	1,371,073	2,777,774
	<u>\$ 2,471,190</u>	<u>\$ 3,852,470</u>

NOTE 12 — ENDOWMENT

Endowment

The Agency’s endowment consists of various funds established for a variety of purposes. Its endowment includes donor restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor restrictions.

Uniform Prudent Management of Institutional Funds Act

The Uniform Law Commission (ULC) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) that serves as a guideline for states to use in enacting legislation related to the UPMIFA. In response to the ULC’s act the Financial Accounting Standards Board (FASB) issued Endowments of Not-for-Profit Organizations, which requires substantial additional disclosures relating to endowments. The State of Missouri passed legislation enacting a state version of the UPMIFA.

Interpretation of Relevant Law

The Board of Trustees of PCHAS-MO has interpreted State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, PCHAS-MO 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 by temporarily restricted net assets until those amounts are appropriated for expenditure by PCHAS-MO in a manner consistent with the standard of prudence prescribed by SPMIFA.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 12 — ENDOWMENT (Continued)

Interpretation of Relevant Law (Continued)

In accordance with SPMIFA, the PCHAS-MO 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 endowment fund
- (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 investment policies of the organization

Return Objectives and Risk Parameters

PCHAS-MO has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Agency must hold in perpetuity or for a donor specified period as well as Board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate index while assuring a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, PCHAS-MO relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). PCHAS-MO targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

PCHAS-MO has a policy of distributing capital gains to the extent the then-current market value of the fund principal exceeds the historical dollar value of the gift less any distributions of principal allowed under the terms of the gift, unless otherwise specified by the donor. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, over the long-term, PCHAS-MO expects the current spending policy to allow its endowment to grow annually. This is consistent with the Agency's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new contributions and investment return.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 12 — ENDOWMENT (Continued)

Endowment net asset composition which are permanently restricted consists of the following:

	December 31,	
	2016	2015
Donor restricted endowment funds	\$ 1,100,117	\$ 1,074,696
Beneficial interest in third party trusts	\$ 1,371,073	\$ 2,777,774
Total	<u>\$ 2,471,190</u>	<u>\$ 3,852,470</u>

Donor restricted endowment funds are managed by PCHAS-MO. Donor restricted beneficial interest in third-party trusts are managed by trust companies.

Changes in permanently restricted endowment net assets are as follows:

	December 31,	
	2016	2015
Beginning balance	\$ 3,852,470	\$ 3,924,314
Interest and dividends	6,293	6,374
Investment gains	26,033	12,981
Loss on perpetual trusts	(1,406,701)	(88,749)
Appropriated for expenditure/transfer	(6,905)	(2,450)
Ending balance	<u>\$ 2,471,190</u>	<u>\$ 3,852,470</u>

NOTE 13 — OPERATING LEASES

PCHAS-MO leases office space and equipment under operating leases which expire through 2020. The rent payments may be adjusted each calendar year for a pro rata share of the increase in taxes and operating expenses over the base year expenses.

Minimum payments on these operating leases are as follows:

	Year Ending December 31
2017	\$ 49,661
2018	11,395
2019	3,985
2020	533
	<u>\$ 65,574</u>

Rent expense was \$99,031 and \$103,422 for the years ended December 31, 2016 and 2015, respectively, and is included in operating expense.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 14 — FEES AND GRANTS FROM GOVERNMENT AND LOCAL AGENCIES

Fees and grant revenues from government and local agencies consist of the following:

	Years Ended December 31,	
	2016	2015
Unrestricted		
State of Missouri	\$ 2,010,554	\$ 2,172,814
Missouri Alliance for Children and Families, L.L.C.	624,126	659,535
Other residential fees	303,605	136,737
	2,938,285	2,969,086
U.S. Department of Agriculture	44,323	44,636
Miscellaneous - amounts < \$50,000	-	3,000
	<u>\$ 2,982,608</u>	<u>\$ 3,016,722</u>

NOTE 15 — PROGRAM SERVICE FEES

Program service fees consist of the following:

	Years Ended December 31,	
	2016	2015
Unrestricted		
Missouri Alliance for Children and Families, L.L.C.	\$ 2,221,736	\$ 2,631,650
St. Louis County Children's Services Fund -		
Family Solutions for Kids	1,054,315	1,301,261
Therapeutic Mentoring and Family Support	821,113	1,546,464
Other - various	207,495	227,635
	<u>\$ 4,304,659</u>	<u>\$ 5,707,010</u>

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 16 — RELATED PARTY TRANSACTIONS

PCHAS-MO is a member of Missouri Alliance for Children and Families, L.L.C. (the Alliance) in which it has a 12.5% equity interest. The Alliance contracts with most of its members to provide a variety of services, as well as with non-member agencies and organizations across the state. The Alliance currently provides services to the Missouri Children's Division under two contracts. Both contracts are reviewed with the state and revised and renewed periodically. Under the initial contract, the Alliance provides case management services to children in the care and custody of the state. PCHAS-MO contracts with the Alliance to provide certain services to these clients, including both residential and community-based care.

Under the second contract, the Alliance is the provider of record with the state, but acts primarily to provide administrative services to PCHAS-MO and four other member agencies. These five agencies provide foster care case management services to clients, essentially as subcontractors with the Alliance. The contract provides annually for bonuses and/or penalties. PCHAS-MO also provides other services for its clients and those of other private case management contractors across the state, as determined by the agency assigned to the case. These services include both residential and community-based services.

PCHAS-MO leases office space to the Alliance on a monthly basis. Total rent income received from the related party was \$24,132 and \$19,944 for the years ended December 31, 2016 and 2015, respectively.

Distributions from the Alliance are included in other revenues. While no distributions were received in 2016, \$120,816 was received from the Alliance in 2015.

NOTE 17 — YOUTH OPPORTUNITIES PROGRAM

PCHAS-MO was awarded State of Missouri Youth Opportunities Program credits of \$250,000 in 2016 and \$195,109 in 2015. The award is for a one year period, with the current period ending June 30, 2017. Credits granted were to be distributed at a 50% rate in exchange for \$500,000 and \$390,218 in contributions for the years 2016 and 2015, respectively. Total donations and related program expenditures for the project were \$112,100 and \$211,748 for the years ended December 31, 2016 and 2015, respectively.

NOTE 18 — FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. For additional information on how PCHAS-MO measures fair value, see Note 1.

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 18 — FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, PCHAS-MO assets at fair value as of December 31, 2016:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 662,494	\$ 655,275	\$ 219	\$ 7,000
Charitable remainder trusts	459,762	459,762	-	-
Beneficial interests in third-party trusts				
Charitable remainder trusts	145,254	121,530	-	23,724
Perpetual trusts	1,371,073	1,112,866	-	258,207
Total	<u>\$ 2,638,583</u>	<u>\$ 2,349,433</u>	<u>\$ 219</u>	<u>\$ 288,931</u>

The following table sets forth a summary of changes in fair value of Level 3 assets for the year ending December 31, 2016:

Balance on January 1, 2016	1,409,410
Total losses included in earnings	(982,073)
Sales	<u>(138,406)</u>
Balance on December 31, 2016	<u>\$ 288,931</u>

The following table sets forth by level, within the fair value hierarchy, PCHAS-MO assets at fair value as of December 31, 2015:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 608,346	\$ 601,055	\$ 291	\$ 7,000
Charitable remainder trusts	412,780	412,780	-	-
Beneficial interests in third-party trusts				
Charitable remainder trusts	139,725	113,090	-	26,635
Perpetual trusts	2,777,774	1,401,999	-	1,375,775
Total	<u>\$ 3,938,625</u>	<u>\$ 2,528,924</u>	<u>\$ 291</u>	<u>\$ 1,409,410</u>

PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 18 — FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth a summary of changes in fair value of Level 3 assets for the year ending December 31, 2015:

Balance on January 1, 2015	1,427,957
Total losses included in earnings	(10,586)
Sales	(7,961)
Balance on December 31, 2015	<u>\$ 1,409,410</u>

Gains (losses) included in earnings are reported as follows:

	Years Ended December 31,	
	2016	2015
Realized gains on investments	\$ 46,377	\$ 22,950
Gain (loss) on charitable remainder trusts	52,511	(37,268)
Loss from perpetual trusts	(1,406,701)	(88,749)
	<u>\$ (1,307,813)</u>	<u>\$ (103,067)</u>

NOTE 19 — CONTINGENCIES

Certain revenue received by PCHAS-MO is subject to compliance audits by appropriate governmental authorities. The findings of these audits could result in additional liabilities to PCHAS-MO. However, management believes that PCHAS-MO has complied with the provisions of each contract and the effect of such findings, if any, would not have a material impact on the financial statements.

PCHAS-MO is a party to certain claims arising out of the normal conduct of its business. While the ultimate resolution of these matters cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial position of the organization.

NOTE 20 — EMPLOYEE DEFINED CONTRIBUTION PLAN

Prior to 2013 PCHAS-MO had offered a 403(b) deferred compensation plan to qualified employees, however this plan was terminated December 31, 2012. Effective January 1, 2016, PCHAS-MO reestablished a 403(b) deferred compensation plan. All employees are eligible to contribute by voluntary salary reduction upon employment. The employer may make, at its discretion, matching contributions for eligible employees. PCHAS-MO did not make any matching contributions in 2016.

NOTE 21 — SUBSEQUENT EVENTS

Management of PCHAS-MO has evaluated subsequent events through May 23, 2017, the issuance date of this report. Consequently, there are no particular events that have any effect related to the financial position of the organization for the year ending December 31, 2016 and do not require additional disclosure.

SUPPLEMENTAL SCHEDULE

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PRESBYTERIAN CHILDREN'S HOMES AND SERVICES OF MISSOURI
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Program Services				Support Services			Total
	Residential Treatment	Professional Services	Allocable Shared Services	Total Program Services	Management and General	Development and Public Relations	Total Support Services	
SALARIES AND EMPLOYEE BENEFITS								
Salaries and wages	\$ 2,062,423	\$ 2,335,708	\$ 548,708	\$ 4,946,839	\$ 405,778	\$ 228,539	\$ 634,317	\$ 5,581,156
Employee benefits	162,561	190,325	21,171	374,057	112,135	16,189	128,324	502,381
Payroll taxes and insurance	241,702	231,945	42,603	516,250	31,219	24,959	56,178	572,428
	<u>2,466,686</u>	<u>2,757,978</u>	<u>612,482</u>	<u>5,837,146</u>	<u>549,132</u>	<u>269,687</u>	<u>818,819</u>	<u>6,655,965</u>
OTHER OPERATING EXPENSES								
Allocation of shared services	325,194	323,809	(649,003)	-	-	-	-	-
Bad debts (recoveries)	-	-	(1,700)	(1,700)	3,276	-	3,276	1,576
Affiliated agency services	-	-	(62,413)	(62,413)	68,479	-	68,479	6,066
Development	57	490	1,108	1,655	2,500	25,358	27,858	29,513
Equipment	5,106	16,713	2,584	24,403	1,245	729	1,974	26,377
Food	173,168	1,889	-	175,057	-	-	-	175,057
Interest	41,181	60,951	4,343	106,475	38,538	2,774	41,312	147,787
Miscellaneous	9,859	6,199	4,544	20,602	17,212	6,996	24,208	44,810
Occupancy	285,468	162,579	21,069	469,116	17,748	12,620	30,368	499,484
Postal and delivery	693	2,244	847	3,784	4,480	4,165	8,645	12,429
Printing and production	-	347	2,412	2,759	-	41,031	41,031	43,790
Professional fees	41,374	25,974	3,236	70,584	41,560	278	41,838	112,422
Client care	63,182	61,195	1,029	125,406	108	-	108	125,514
Supplies and repairs	62,884	29,217	2,724	94,825	3,852	1,852	5,704	100,529
Telephone	27,743	48,039	8,478	84,260	5,076	5,477	10,553	94,813
Training, meetings and dues	10,202	11,295	26,925	48,422	4,691	5,017	9,708	58,130
Travel and transportation	40,344	142,600	16,683	199,627	1,874	4,753	6,627	206,254
Total expenses before depreciation	<u>3,553,141</u>	<u>3,651,519</u>	<u>(4,652)</u>	<u>7,200,008</u>	<u>759,771</u>	<u>380,737</u>	<u>1,140,508</u>	<u>8,340,516</u>
DEPRECIATION	<u>149,232</u>	<u>35,079</u>	<u>4,652</u>	<u>188,963</u>	<u>11,774</u>	<u>2,298</u>	<u>14,072</u>	<u>203,035</u>
TOTAL	<u>\$ 3,702,373</u>	<u>\$ 3,686,598</u>	<u>\$ -</u>	<u>\$ 7,388,971</u>	<u>\$ 771,545</u>	<u>\$ 383,035</u>	<u>\$ 1,154,580</u>	<u>\$ 8,543,551</u>
PERCENTAGE	<u>43.3%</u>	<u>43.2%</u>		<u>86.5%</u>	<u>9.0%</u>	<u>4.5%</u>	<u>13.5%</u>	<u>100.0%</u>

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