The Josselyn Center, NFP

Audited Financial Statements
Years Ended June 30, 2017 and 2016

The Josselyn Center, NFP

CONTENTS

CRAIG & ASSOCIATES, LLC
3000 Dundee Road, Suite 321
Northbrook, Illinois 60062
(847) 272-0130

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Josselyn Center, NFP
Northfield, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of The Josselyn Center, NFP, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CRAIG & ASSOCIATES, LLC
3000 Dundee Road, Suite 321
Northbrook, Illinois 60062
(847) 272-0130

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Josselyn Center, NFP as of June 30, 2017 and 2016, 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 7 and 8 are presented for purposes of additional analysis and are 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.

Craig & Associates, LLC

Northbrook, Illinois
October 12, 2017

The Josselyn Center, NFP
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 54,595	$ 83,502
Investments	2,305,918	2,106,787
Grants receivable	310,910	252,705
Pledges receivable	81,875	-
Accounts receivable DHS	26,095	16,562
Client receivables (net of allowance of $5,000 in 2017 and $5,000 in 2016)	255,753	95,405
Interest receivable	2,067	2,530
Prepaid expenses	78,842	24,942
Total Current Assets	3,116,055	2,582,433
Property and Equipment:		
Land	36,877	36,877
Building and improvements	427,891	306,158
Equipment and furnishings	230,508	210,683
Total Property and Equipment	695,276	553,718
Less accumulated depreciation	390,686	371,525
Net Property and Equipment	304,590	182,193
Other Assets		
Pledges receivable long-term (net of allowance of $8,650 in 2017 and $0 in 2016)	164,659	-
Total Assets	$ 3,585,304	$ 2,764,626

See auditor's report and notes to the financial statements

The Josselyn Center, NFP
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
LIABILITIES AND NET ASSETS		
Liabilities:		
Line of credit	$ 336,446	$ 239,971
Accounts payable and accrued liabilities	135,494	91,217
Total Liabilities	471,940	331,188
Net Assets:		
Unrestricted:		
Operating	152,233	(77,076)
Board designated	267,941	253,110
Invested in fixed assets	304,590	182,193
Temporarily restricted	566,094	252,705
Permanently restricted endowment	1,822,506	1,822,506
Total Net Assets	3,113,364	2,433,438
Total Liabilities and Net Assets	$ 3,585,304	$ 2,764,626

The Josselyn Center, NFP
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2017 and 2016

	2017					2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total	Percentage of Total Revenues	Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total	Percentage of Total Revenues
Public Support and Revenue:										
Contributions	$ 167,666	$ 522,172	$ -	$ 689,838	26.38 %	$ 142,282	$ 90,975	$ 100	$ 233,357	14.69 %
Client and education fees	821,315	-	-	821,315	31.41	695,024	-	-	695,024	43.77
Government grants	326,245	285,910	-	612,155	23.41	307,634	252,705	-	560,339	35.29
Investment income & other	46,874	-	-	46,874	1.79	51,336	-	-	51,336	3.23
Capital gain (loss), realized and unrealized	160,221	-	-	160,221	6.13	(48,697)	-	-	(48,697)	-3.07
Miscellaneous	1,610	-	-	1,610	0.06	452	-	-	452	0.03
Special events (net of expenses of $83,955 in 2017 and $55,905 in 2016)	257,866	-	-	257,866	9.86	96,215	-	-	96,215	6.06
United Way support	-	25,000	-	25,000	0.96	-	-	-	-	0.00
Net assets released from restrictions:										
Expiration of time restrictions	519,693	(519,693)	-	-	0.00	364,984	(261,734)	(103,250)	-	0.00
Total Public Support and Revenue	2,301,490	313,389	-	2,614,879	100.00 %	1,609,230	81,946	(103,150)	1,588,026	100.00 %
Expenses:										
Program services:										
Client services	1,558,742	-	-	1,558,742	59.61 %	1,558,433	-	-	1,558,433	98.14 %
Community education and development	-	-	-	-	0.00	-	-	-	-	0.00
Total program services	1,558,742	-	-	1,558,742	59.61	1,558,433	-	-	1,558,433	98.14
Supporting services:										
Management and general	174,808	-	-	174,808	6.69	184,117	-	-	184,117	11.59
Fundraising	201,403	-	-	201,403	7.70	216,558	-	-	216,558	13.64
Total supporting services	376,211	-	-	376,211	14.39	400,675	-	-	400,675	25.23
Total Expenses	1,934,953	-	-	1,934,953	74.00 %	1,959,108	-	-	1,959,108	123.37 %
Changes in Net Assets	366,537	313,389	-	679,926		(349,878)	81,946	(103,150)	(371,082)	
Net Assets - Beginning of Year	358,227	252,705	1,822,506	2,433,438		708,105	170,759	1,925,656	2,804,520	
Net Assets - End of Year	$ 724,764	$ 566,094	$ 1,822,506	$ 3,113,364		$ 358,227	$ 252,705	$ 1,822,506	$ 2,433,438	

See auditor's report and notes to the financial statements

The Josselyn Center, NFP
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities:		
Change in Net Assets	$ 679,926	$ (371,082)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,161	18,910
Bad debt expense	8,650	-
Net realized (gain) loss on sale of investments	(53,022)	36,625
Net unrealized (gain) loss on investments	(107,199)	12,072
(Increase) decrease in grants receivables	(58,205)	(81,946)
(Increase) decrease in DHS receivable	(9,533)	51,311
(Increase) decrease in client receivables	(159,885)	(33,168)
(Increase) decrease in pledges receivable	(255,184)	-
(Increase) decrease in prepaid expenses	(53,900)	3,555
Increase (decrease) in accounts payable	44,277	(9,622)
(Decrease) in deferred revenue	-	(750)
Total adjustments	(624,840)	(3,013)
Total cash flows provided by (used in) operating activities	55,086	(374,095)
Cash Flows From Investing Activities:		
Purchase of equipment and improvements	(141,558)	(7,576)
Purchase of investments including expenses	(622,702)	(526,366)
Proceeds from sale of investments	583,792	594,556
Total cash flows provided by (used in) investing activities	(180,468)	60,614
Cash Flow From Financing Activities:		
Net increase (decrease) on line of credit	96,475	222,341
Total cash flows provided by (used in) financing activities	96,475	222,341
Net Increase (Decrease) in Cash and Cash Equivalents	(28,907)	(91,140)
Cash and Cash Equivalents, Beginning of Year	83,502	174,642
Cash and Cash Equivalents, End of Year	$ 54,595	$ 83,502
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 8,364	$ 5,353
Income taxes	$ -	$ -

See auditor's report and notes to the financial statements

The Josselyn Center, NFP
Statements of Functional Expenses
Year Ended June 30, 2017 (with comparative 2016 totals)

	Program Services			Supporting Services			2017		2016	
	Client Services	Community Education and Development	Total	Management and General	Fund Raising	Total	Program and Supporting Services Total	%	Program and Supporting Services Total	%
Salaries and consultants	$ 1,207,009	$ -	$ 1,207,009	$ 61,424	154,444	$ 215,868	$ 1,422,877	73.5	$ 1,405,510	71.7
Employee health insurance	44,170	-	44,170	12,301	1,239	13,540	57,710	2.9	75,445	3.8
Payroll taxes	69,294	-	69,294	4,248	10,357	14,605	83,899	4.3	99,371	5.1
Retirement contributions	18,191	-	18,191	1,050	1,500	2,550	20,741	1.1	14,394	0.7
Total salaries and related expenses	1,338,664	-	1,338,664	79,023	167,540	246,563	1,585,227	81.8	1,594,720	81.3
Board Expenses	1,606	-	1,606	-	-	-	1,606	0.1	694	0.0
Social Committee	300	-	300	-	-	-	300	0.0	1,464	0.1
Professional fees	35,351	-	35,351	21,603	3,408	25,011	60,362	3.1	44,441	2.3
Supplies	39,399	-	39,399	2,985	2,707	5,692	45,091	2.2	33,937	1.6
Printing	4,876	-	4,876	252	10,790	11,042	15,918	0.8	11,660	0.6
Telephone	16,846	-	16,846	854	1,440	2,294	19,140	1.0	21,162	1.1
Postage and shipping	1,512	-	1,512	200	3,778	3,978	5,490	0.3	4,294	0.2
Occupancy	35,734	-	35,734	2,791	3,251	6,042	41,776	2.2	55,546	2.8
Community education services	999	-	999	-	-	-	999	0.1	1,894	0.1
Local transportation	216	-	216	66	-	66	282	0.0	1,083	0.1
Membership dues	2,750	-	2,750	955	275	1,230	3,980	0.2	8,495	0.4
Equipment rent, repairs & maintenance	17,171	-	17,171	661	1,037	1,698	18,869	1.0	17,444	0.9
Charge card fees	-	-	-	13,683	-	13,683	13,683	0.7	10,973	0.6
Insurance	34,646	-	34,646	8,410	-	8,410	43,056	2.2	49,526	2.5
Staff development	3,694	-	3,694	-	-	-	3,694	0.2	257	0.0
Bad debt expense	-	-	-	8,650	-	8,650	8,650	0.4	-	0.0
Other	8,115	-	8,115	33,810	5,744	39,554	47,669	2.5	82,608	4.2
Total other expenses before depreciation	203,215	-	203,215	94,920	32,430	127,350	330,565	17.0	345,478	17.5
Depreciation of building and equipment	16,863	-	16,863	865	1,433	2,298	19,161	1.0	18,910	1.0
2017 Total Expenses	$ 1,558,742	$ -	$ 1,558,742	$ 174,808	$ 201,403	$ 376,211	$ 1,934,953	99.8	$ 1,959,108	99.8
2016 Total Expenses	$ 1,558,433	$ -	$ 1,558,433	$ 184,117	$ 216,558	$ 400,675	$ 1,959,108			

See auditor's report and notes to the financial statements

The Josselyn Center, NFP
Statements of Functional Expenses
Year Ended June 30, 2016

	Program Services			Supporting Services			2016	
	Client Services	Community Education and Development	Total	Management and General	Fund Raising	Total	Program and Supporting Services Total	%
Salaries and consultants	$ 1,205,506	$ -	$ 1,205,506	$ 49,781	$ 150,223	$ 200,004	$ 1,405,510	71.7
Employee health insurance	59,304	-	59,304	2,845	13,296	16,141	75,445	3.8
Payroll taxes	78,133	-	78,133	5,068	16,170	21,238	99,371	5.1
Retirement contributions	11,764	-	11,764	397	2,233	2,630	14,394	0.7
Total salaries and related expenses	1,354,707	-	1,354,707	58,091	181,922	240,013	1,594,720	81.3
Board Expenses	-	-	-	562	132	694	694	0.0
Social Committee	1,229	-	1,229	129	106	235	1,464	0.1
Professional fees	22,844	-	22,844	20,907	690	21,597	44,441	2.3
Supplies	26,190	-	26,190	4,188	3,559	7,747	33,937	1.6
Printing	2,128	-	2,128	381	9,151	9,532	11,660	0.6
Telephone	17,337	-	17,337	3,191	634	3,825	21,162	1.1
Postage and shipping	2,418	-	2,418	472	1,404	1,876	4,294	0.2
Occupancy	47,965	-	47,965	6,317	1,264	7,581	55,546	2.8
Community education services	1,894	-	1,894	-	-	-	1,894	0.1
Local transportation	75	-	75	932	76	1,008	1,083	0.1
Membership dues	1,895	-	1,895	6,560	40	6,600	8,495	0.4
Equipment rent, repairs & maintenance	14,408	-	14,408	2,530	506	3,036	17,444	0.9
Charge card fees	-	-	-	10,973	-	10,973	10,973	0.6
Insurance	40,499	-	40,499	9,027	-	9,027	49,526	2.5
Staff development	257	-	257	-	-	-	257	0.0
Bad debt expense	-	-	-	-	-	-	-	0.0
Other	9,080	-	9,080	57,021	16,507	73,528	82,608	4.2
Total other expenses before depreciation	188,219	-	188,219	123,190	34,069	157,259	345,478	17.5
Depreciation of building and equipment	15,507	-	15,507	2,836	567	3,403	18,910	1.0
Total Expenses	$ 1,558,433	$ -	$ 1,558,433	$ 184,117	$ 216,558	$ 400,675	$ 1,959,108	99.8

See auditor's report and notes to the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
The Josselyn Center, NFP (the "Center"), a not-for-profit corporation, is dedicated to providing mental health services that make lives better for their clients, their families and the community. The Center is accredited by CARF, the Commission on Accreditation of Rehabilitation Facilities, for adult and child and adolescent outpatient mental health programs.

Financial Statement Presentation
The accompanying financial statements are presented in accordance with generally accepted accounting principles as set forth in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*.

Investment Securities
The Center has adopted ASC 958, *Not-For-Profit Entities*. Under ASC 958, investments in marketable securities with readily determined fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities and change in net assets.

Income Tax Status
The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Center is also exempt from Illinois sales taxes, Illinois real estate taxes and federal unemployment tax. The Center has elected the reimbursement method for Illinois unemployment tax and has established an estimate of the liability totaling $26,788 and $31,570 for the years ended June 30, 2017 and 2016, respectively. The Center had no unrelated business income for both years ended June 30, 2017 and 2016 and no income tax provisions have been recorded.

Accounting principles generally accepted in the United States of America require the Center's management to evaluate tax positions taken by the Center and recognize a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other tax authorities. The Center's management has analyzed the tax positions taken by the Center, and has concluded that as of June 30, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Center is subject to routine audits by the Internal Revenue Service or other tax authorities, generally for three years after the tax returns are filed; however, there are currently no audits for any tax periods in progress.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Cash and Cash Equivalents
The Center considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts
A provision is established for doubtful accounts based upon historical average collections.

Property and Depreciation
Land, building and equipment are recorded at cost. Major renewals and improvements are capitalized while replacements, maintenance and repairs, which do not improve or extend the life of the respective assets, are charged directly to expense. Depreciation is computed on the straight-line method over an estimated useful life of 15-40 years for the building and improvements and 3-15 years for equipment.

Financial Statement Presentation
Net assets, revenues, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets – net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed restrictions on their use that may be either met by actions of the Center or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Center. Generally, the donors permit the Center to use all or part of the income earned for either general or donor-imposed purposes.

Contributions and Grants
Under FASB ASC 958, *Not-for-Profit Entities,* contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Grants that are not specified by the donor for a particular fund or purpose are included as public support in unrestricted net assets.

Revenue Recognition
Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

The Center reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are released and reclassified to unrestricted net assets in the statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Gains and losses from investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless explicit donor stipulation or law restricts their use.

Functional Allocation of Expenses
The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on estimates made by management.

Contributed Materials and Services
Contributions of donated non-cash assets are recorded at their fair value in the period received. There were no material non-cash items received during the years ended June 30, 2017 and 2016. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Center receives an insignificant amount of donated services from unpaid volunteers and no amounts have been recorded.

Contingencies
The Center is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a materially adverse effect on the financial condition or results of operations of the Center.

Recent Accounting Pronouncements
In May, 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for these goods and services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Center for annual periods beginning after December 15, 2018. Early adoption is permitted for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Management is evaluating the impact of the amended revenue guidance on the Center's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Center's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Center's financial statements.

Reclassifications
Several reclassifications have been made to the prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only, and do not restate the prior year financial statements.

NOTE 2 - DESCRIPTION OF NET ASSETS

Unrestricted Net Assets
The unrestricted net assets include all resources over which the Board of Directors has discretionary control. All unrestricted revenue, investment income, and expenses of the Center are included in the revenue and expenses of unrestricted net assets. This fund also includes Board designated net assets and all fixed assets of the Center.

Board designated net assets are designated by the Board of Directors, and thus may be expended only in accordance with purposes designated by the Board of Directors. Such Board designations are revocable by Board action. Board designated net assets include the following at June 30, 2017 and 2016:

NOTE 2 - DESCRIPTION OF NET ASSETS - (continued)

	2017	2016
Leo T. Murphy Endowment Net Assets - established from the proceeds of a bequest. The Leo T. Murphy endowment net assets function like an endowment fund, to be held for the purpose of defraying, in whole or in part, current operating contributions to a tax-deferred annuity plan for employee retirement.	$ 164,591	$ 149,860
Dottie Palombo Children and Adolescent Service Endowment Net Assets (Dottie Palombo Endowment Net Assets) - established to accept a gift from Dottie Palombo and the Palombo family, in order to support clinical mental health services to persons under eighteen years of age. Additional contributions shall not be considered earnings and shall remain as capital. The net assets of the Endowment shall not be loaned to any person or entity, nor used to obtain a loan. Per a letter from Dottie Palombo, dated June 2, 2016, the endowment has been reclassified to board designated from permanently restricted.	103,350	103,250
	$ 267,941	$ 253,110

Each year the unexpended investment income including gains or losses is added to or deducted from these net assets.

Temporarily Restricted Net Assets
The temporarily restricted net assets include all resources which are temporarily restricted by donors or which are designated for future periods. Expenditures that meet the donor restrictions are charged to unrestricted net assets and transfers are made to unrestricted net assets as net assets are released from restrictions.

Net assets were temporarily restricted as follows at June 30, 2017 and 2016:

	2017	2016
New Trier Township	$ 170,725	$ 160,725
Maine Township	77,185	67,477
United Way	25,000	-
Program restricted - Cook County grant	31,000	15,153
Park Ridge Community Fund	7,000	7,500
Other	255,184	1,850
	$ 566,094	$ 252,705

NOTE 2 - DESCRIPTION OF NET ASSETS – (continued)

Permanently Restricted Net Assets
The permanently restricted net assets are an endowment growth fund and consist of the principal amount of contributions accepted with the stipulation that the principal be maintained in perpetuity and the income including gains will be transferred to the unrestricted net assets for operations. The income is accounted for in the unrestricted net assets.

Net assets were permanently restricted as follows at June 30, 2017 and 2016:

	2017	2016
Halsey Earl Poronto, Grace K. Poronto and Halsey Earl Poronto, Jr. Memorial Endowment Net Assets - An endowment bequest with the principal donated amount restricted by donor. Only income earned from investment of principal may be used for support of operations. The Center received $0 and $0 contributions during the years ended June 30, 2017 and 2016, respectively. It generated $179,150 and $2,163 of income during 2017 and 2016, respectively.	$ 1,822,506	$ 1,822,506
	$ 1,822,506	$ 1,822,506

NOTE 3 - BANK LINE OF CREDIT

The Center has a bank line of credit with a maximum borrowing limit of $200,000 bearing interest at the prime rate (4.25% and 3.50% at June 30, 2017 and 2016, respectively) plus .75%. The agreement was entered into on June 22, 2005. The balances outstanding as of June 30, 2017 and 2016 were $136,461 and $39,971, respectively.

The Center has a bank line of credit with a maximum borrowing limit of $800,000 bearing interest at the Lender's Reference Rate (4.25% and 3.50% at June 30, 2017 and 2016, respectively) less .50%. The balances outstanding at June 30, 2017 and 2016 were $199,985 and $200,000, respectively. The loan is collateralized by the entire amount in the investments account. All outstanding principal and any accrued outstanding interest are due on February 5, 2018.

NOTE 4 - INVESTMENT SECURITIES

The following are the market values and original cost of marketable securities available for sale as of June 30, 2017 and 2016:

	June 30, 2017		June 30, 2016	
	Cost	Fair Value	Cost	Fair Value
Cash & equivalents	$ 129,101	129,101	$ 36,068	36,068
Corporate bonds	146,354	128,319	146,354	134,241
Common stocks	322,344	380,950	525,752	556,859
US equity funds	490,078	546,814	442,827	437,822
Fixed income funds	630,002	629,109	614,565	609,620
Closed end equity ETF	115,168	120,119	13,903	17,787
Mutual funds alternative	351,823	371,506	318,507	314,390
	$ 2,184,870	2,305,918	$ 2,097,976	2,106,787

Investment return for investment securities is summarized as follows:

	2017	2016
Investment income	$ 46,874	$ 51,336
Realized gains (losses)	53,022	(36,625)
Unrealized gains (losses)	107,199	(12,072)
	$ 207,095	$ 2,639

The annualized rate of return is net of investment manager fees and is computed using monthly net returns. Returns are calculated using a weighted-average capital base, which is determined by the beginning fair value, plus the weighted-average monthly additions and subtractions. The fair values and the rates of investment return for the years ended June 30, 2017 and 2016 are summarized as follows:

	2017		2016	
	Fair Value	Rate of Return	Fair Value	Rate of Return
Investment Securities	$ 2,305,918	9.45%	$ 2,223,674	-1.46%

NOTE 5 - FAIR VALUE MEASUREMENTS

As of July 1, 2009, the Center adopted FASB ASC 820 which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

NOTE 5 - FAIR VALUE MEASUREMENTS – (continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets and liabilities.

Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

All of the Center's assets that are measured at fair value on a recurring basis are measured using Level 1 inputs. The Center considers the recorded value of its financial assets and liabilities, which consist primarily of cash and cash equivalents, certificates of deposit, accounts receivable, prepaid expenses and accounts payable, to approximate the fair value of the respective assets and liabilities at June 30, 2017 and 2016, based upon the short-term nature of the assets and liabilities.

As of June 30, 2017, the Center's investments measured at fair value on a recurring basis were as follows:

	Investment Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash & equivalents	$ 129,101	-	-	$ 129,101
Corporate bonds	128,319	-	-	128,319
Common stocks	380,950	-	-	380,950
US equity funds	546,814	-	-	546,814
Fixed income funds	629,109	-	-	629,109
Closed end equity ETF	120,119	-	-	120,119
Mutual funds alternative	371,506	-	-	371,506
	$ 2,305,918	-	-	$ 2,305,918

NOTE 6 - RETIREMENT PLAN

The Center contributes to a tax-deferred annuity (TDA). Annual contributions to the 403(b) are equal to 4% of gross compensation for salaried employees having over 12 months of full-time consecutive service or 1000 hours of service. The retirement expense for June 30, 2017 and 2016, totaled $20,741 and $14,394, respectively.

NOTE 7 - CLIENT FEES

The Center charges fees to clients on a sliding scale based on their ability to pay. For the years ended June 30, 2017 and 2016, respectively, 88% and 89% of the clients paid a reduced rate. Client fees range from $0 to $130 per hour. The average fee paid was $31 for the year ended June 30, 2017 and $29 for the year ended June 30, 2016. The most common fee paid directly by clients (primarily Medicaid clients) was $-0- and $-0- for 2017 and 2016, respectively.

NOTE 8 - SUBSEQUENT EVENTS

In accordance with FASB ASC 855, *Subsequent Events*, the Center evaluated subsequent events through the report date, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.