Good Shepherd School for Children

Independent Auditor's Report and Financial Statements

For the years ended June 30, 2016 and 2015

Stopp&VanHoy
CPAs and Business Advisors

Good Shepherd School for Children
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For the years ended June 30, 2016 and 2015

Stopp&VanHoy
CPAs and Business Advisors

10425 Old Olive Street Road, Suite 101
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Good Shepherd School for Children

We have audited the accompanying financial statements of Good Shepherd School for Children (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 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.

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 Good Shepherd School for Children as of June 30, 2016 and 2015, 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.

Stopp & VanHoy

Creve Coeur, Missouri
November 3, 2016

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Good Shepherd School for Children
Statements of Financial Position
June 30, 2016 and 2015

Assets	2016	2015
Current Assets		
Cash and cash equivalents	1,880	629
Cash and cash equivalents - restricted	34,929	36,548
Accounts receivable, net	4,927	2,872
Prepaid expenses	9,915	6,975
Total Current Assets	51,651	47,024
Property and Equipment		
Building	1,534,953	1,523,348
Land improvements	101,160	101,160
Furniture and equipment	180,664	180,664
	1,816,777	1,805,172
Less: Accumulated depreciation	(960,301)	(915,538)
Property and Equipment, net	856,476	889,634
Other Assets		
Prepaid ground lease	169,713	175,599
Scholarship funds - investments	55,687	55,837
Endowment funds - investments	819,584	857,555
Endowment funds - receivable	50,000	50,000
Total Other Assets	1,094,984	1,138,991
Total Assets	$ 2,003,111	$ 2,075,649
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 38,926	$ 37,518
Line of credit payable	46,816	39,816
Wages payable	49,120	47,234
Accounts payable	14,659	14,075
Accrued expenses	13,504	13,355
Unearned revenue	1,240	734
Endowment funds - payable	50,000	50,000
Total Current Liabilities	214,265	202,732
Long-Term Liabilities		
Long-term debt, less current maturities	216,722	255,722
Total Long-Term Liabilities	216,722	255,722
Total Liabilities	430,987	458,454
Net Assets		
Unrestricted	582,793	609,953
Temporarily restricted	182,178	170,978
Permanently restricted	807,153	836,264
Total Net Assets	1,572,124	1,617,195
Total Liabilities and Net Assets	$ 2,003,111	$ 2,075,649

See Notes to the Financial Statements

Good Shepherd School for Children
Statement of Activities
For the year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Tuition:				
Full day care, net of discounts and scholarships	$ 821,278	$ -	$ -	$ 821,278
Preschool and registration fees	9,228	-	-	9,228
Therapy services, net of discounts and adjustments	32,599	-	-	32,599
Contributions	42,606	84,341	-	126,947
Special events, net of direct expense of $1,549	19,322	-	-	19,322
Other support (expense):				
Miscellaneous	37,520		-	37,520
Interest and dividend income	13,395	41,278	-	54,673
Gain (loss) on investments	(7,905)	(20,558)	-	(28,463)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	94,884	(93,861)	-	1,023
Donor releases	28,088	-	(29,111)	(1,023)
Total Support and Revenue	1,091,015	11,200	(29,111)	1,073,104
Functional Expenses				
Program services	919,525	-	-	919,525
Management and general	170,020	-	-	170,020
Fundraising	28,630	-	-	28,630
Total Functional Expenses	1,118,175	-	-	1,118,175
Changes in Net Assets	$ (27,160)	$ 11,200	$ (29,111)	$ (45,071)
Net Assets - Beginning of Year	609,953	170,978	836,264	1,617,195
Net Assets - End of Year	$ 582,793	$ 182,178	$ 807,153	$ 1,572,124

See Notes to the Financial Statements

Good Shepherd School for Children
Statement of Activities
For the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Tuition:				
Full day care, net of discounts and scholarships	$ 784,752	$ -	$ -	$ 784,752
Preschool and registration fees	5,022	-	-	5,022
Therapy services, net of discounts and adjustments	24,924	-	-	24,924
Contributions	33,756	80,763	25,119	139,638
Special events, net of direct expense of $1,512	11,613	-	-	11,613
Other support (expense):				
Miscellaneous	10,392	-	-	10,392
Interest and dividend income	10,714	42,544	-	53,258
Gain (loss) on investments	(5,145)	(28,818)	-	(33,963)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	158,803	(158,803)	-	-
Donor releases	30,643	-	(30,643)	-
Total Support and Revenue	1,065,474	(64,314)	(5,524)	995,636
Functional Expenses				
Program services	863,036	-	-	863,036
Management and general	177,497	-	-	177,497
Fundraising	31,237	-	-	31,237
Total Functional Expenses	1,071,770	-	-	1,071,770
Changes in Net Assets	$ (6,296)	$ (64,314)	$ (5,524)	$ (76,134)
Net Assets - Beginning of Year	616,249	235,292	841,788	1,693,329
Net Assets - End of Year	$ 609,953	$ 170,978	$ 836,264	$ 1,617,195

See Notes to the Financial Statements

Good Shepherd School for Children
Statement of Functional Expenses
For the year ended June 30, 2016

	Program Services	Management and General	Fundraising	Total
Salaries and Related Benefits:				
Therapy salaries and fees	$ 31,055	$ -	$ -	$ 31,055
Teacher and assistant salaries	484,230	-	-	484,230
Office salaries	77,206	117,997	14,222	209,425
Employee benefits	91,774	11,229	9,272	112,275
Total Salaries and Related Benefits:	684,265	129,226	23,494	836,985
Advertising	4,642	870	33	5,545
Bank charges and credit card fees	440	1,086	628	2,154
Camp and childcare activities	285	-	-	285
Computer	7,918	67	27	8,012
Copier	6,491	349	140	6,980
Donor recognition and cultivation	-	-	658	658
Food	42,090	-	-	42,090
Hiring	380	-	-	380
Insurance	29,292	1,575	630	31,497
Interest	9,378	1,435	202	11,015
Lease	5,474	294	118	5,886
Maintenance and repairs	46,710	2,511	1,004	50,225
Memberships	3,145	-	104	3,249
Miscellaneous	5,833	16,670	75	22,578
Postage	995	53	21	1,069
Professional fees and services	-	12,241	-	12,241
Staff training and education	2,500	50	-	2,550
Staff travel	182	-	59	241
Supplies	4,395	92	37	4,524
Telephone	5,014	270	108	5,392
Utilities	18,467	993	397	19,857
Total Expenses before Depreciation	$ 877,896	$ 167,782	$ 27,735	$ 1,073,413
Depreciation	41,629	2,238	895	44,762
Total Expenses	$ 919,525	$ 170,020	$ 28,630	$ 1,118,175

Good Shepherd School for Children
Statement of Functional Expenses
For the year ended June 30, 2015

	Program Services	Management and General	Fundraising	Total
Salaries and Related Benefits:				
Therapy salaries and fees	$ 22,045	$ -	$ -	$ 22,045
Teacher and assistant salaries	435,618	-	-	435,618
Office salaries	84,447	128,939	14,743	228,129
Employee benefits	86,279	11,596	11,298	109,173
Total Salaries and Related Benefits:	628,389	140,535	26,041	794,965
Advertising	3,840	152	61	4,053
Bank charges and credit card fees	286	806	408	1,500
Camp and childcare activities	345	-	-	345
Computer	8,231	81	32	8,344
Copier	5,462	294	117	5,873
Donor recognition and cultivation	-	-	640	640
Food	41,553	-	-	41,553
Hiring	606	-	-	606
Insurance	25,077	1,348	539	26,964
Interest	10,675	1,502	230	12,407
Lease	5,474	294	118	5,886
Maintenance and repairs	45,591	2,451	980	49,022
Memberships	2,683	-	104	2,787
Miscellaneous	8,457	9,233	357	18,047
Postage	1,145	61	123	1,329
Professional fees and services	-	16,574	-	16,574
Staff training and education	3,230	545	-	3,775
Staff travel	151	-	38	189
Supplies	6,270	96	39	6,405
Telephone	4,990	268	107	5,365
Utilities	18,512	995	398	19,905
Total Expenses before Depreciation	$ 820,967	$ 175,235	$ 30,332	$ 1,026,534
Depreciation	42,069	2,262	905	45,236
Total Expenses	$ 863,036	$ 177,497	$ 31,237	$ 1,071,770

Good Shepherd School for Children
Statements of Cash Flows
For the years ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Cash received from contributions, operations, and service fees	$ 1,007,827	$ 963,092
Cash paid to suppliers and employees	(1,056,834)	(1,020,906)
Interest and dividends received	54,673	53,258
Interest paid	(11,015)	(12,407)
Other cash receipts	37,520	10,392
Net Cash Provided (Used) by Operating Activities*	32,171	(6,571)
Cash Flows from Investing Activities		
Purchase of/proceeds from investments, net	9,658	55,418
Proceeds from endowment receivable	-	5,000
Purchase of property and equipment	(11,605)	(4,861)
Restricted pledge receipts	-	-
Net Cash Provided (Used) by Investing Activities	(1,947)	55,557
Cash Flows from Financing Activities		
Payments on line of credit	-	-
Proceeds from line of credit	7,000	-
Payments on endowment payable	-	(5,000)
Payments on long-term debt	(37,592)	(36,261)
Net Cash Provided (Used) by Financing Activities	(30,592)	(41,261)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (368)	$ 7,725
Cash and Cash Equivalents - Beginning of Year	37,177	29,452
Cash and Cash Equivalents - End of Year	$ 36,809	$ 37,177
***Reconciliation of change in net assets to**		
Net Cash Provided (Used) by Operating Activities:		
Change in net assets:	$ (45,071)	$ (76,134)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
In-kind contributions	-	-
Depreciation	44,762	45,236
Amortization of prepaid lease	5,886	5,886
(Gain) loss on sale of investments	28,463	33,963
(Increase) Decrease in assets:		
Accounts receivable	(2,054)	(969)
Prepaid expenses	(2,940)	(3,977)
Increase (Decrease) in liabilities:		
Wages payable	1,886	(165)
Accounts payable	584	(8,110)
Accrued expenses	149	(413)
Unearned revenue	506	(1,888)
Net Cash Provided (Used) by Operating Activities	$ 32,171	$ (6,571)

See Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Good Shepherd School for Children's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Organization

Good Shepherd School for Children (the "Center") is a not-for-profit, nonsectarian, child care center, preschool and therapy center for typically developing children and children with special needs. Children of all abilities, ages six weeks to six years, participate in inclusive preschool and child care. The program specializes in helping children to improve upon social, emotional, developmental, physical and educational goals through its inclusion model, modifications to the Center's curriculum, and on-site therapy services. Additionally, occupational, physical, speech language, developmental, behavioral, music and art therapies are provided to children up to age 18 through home-based and outpatient services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles and reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Center has adopted the provisions of the Financial Accounting Standards Board ("FASB") in regard to financial statements of not-for-profit organizations as discussed under this topic of the Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements.* Under FASB ASC 958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets - unrestricted, temporarily restricted, and permanently restricted. A description of each class of net assets as follows:

Unrestricted - Those resources over which the Board has discretionary control. Designated amounts represent those resources for which the Board has set aside for a specific purpose. The Center's Board had not designated any net assets at June 30, 2016.

Temporarily Restricted - Those resources subject to donor-imposed or time restrictions that will be satisfied by actions of the Center or the passage of time. The Center had $182,178 of temporarily restricted net assets at June 30, 2016.

Permanently Restricted - Those resources subject to donor-imposed restrictions that will be maintained permanently by the Center. The Center had $807,153 of permanently restricted net assets at June 30, 2016.

Use of Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from estimated amounts.

Cash and cash equivalents

For the purpose of the Statements of Financial Position and Statements of Cash Flows, the Center considers all short-term investments with an original maturity of three months or less to be cash.

Restricted cash and cash equivalents of $870 consists of funds being held for the Parent Association.

Note 1 - Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consists primarily of receivables for tuition and therapy services. The Center provides an allowance for doubtful accounts equal to the estimated collection loss that will be incurred in the collection of all receivables. The estimated loss is based on historical collection experience, coupled with a review of the current status of the existing receivables. Management considers all receivables at June 30, 2016 to be collectible.

Property and Equipment

Property and equipment are stated at historical cost, if purchased, or at fair market value at the date of gift, if donated. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Expenditures, which extend the useful lives of the assets, are capitalized, while maintenance and repairs are expensed. The Center capitalizes all expenditures for property and equipment in excess of $1,000. Depreciation is calculated using the straight-line method over the following applicable estimated useful lives:

Furniture and equipment	3-15 years
Buildings and land improvements	10-40 years

Investments

Investments consist of marketable securities and mutual funds, with readily determinable fair values, which are recorded at such fair value in the Statements of Financial Position.

Restricted and Unrestricted Support

Contributions and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted support in accordance with the existence or nature of any donor restrictions. When restrictions expire, restricted net assets are reclassified as unrestricted net assets. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year.

Program service revenues are recorded as unrestricted support when earned.

Donated Services and Materials

Donated services are recognized as contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition,* if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. The Center recognized no donated services for the years ended June 30, 2016 and 2015.

Donated materials are recognized as contributions in accordance with the same provision as donated services. In determining the fair value, the Center considers the quality and quantity of the donation, as well as any applicable discounts that would be received by the Center if those materials would otherwise be purchased.

Note 1 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Center has been granted tax-exempt status under §501(c)(3) of the Internal Revenue Code, except for any net income derived from unrelated business activities. The Center did not have any unrelated business activities for the years ended June 30, 2016 and 2015.

The Center follows provisions set forth in FASB ASC 740-10, *Income Taxes - Overall.* The Center has assessed its federal, state, and local tax positions and determined that there were no unrelated business related income taxes and no uncertainties or possible related effects that need to be recorded as of or for the years ended June 30, 2016 and 2015. The Center's federal income tax returns are subject to examination by the IRS for the remaining statutory period.

Unearned Revenue

Income from tuition revenue is deferred and recognized in the period in which the revenue is earned.

Advertising Costs

Advertising costs are deducted in the year in which the costs are incurred.

Functional Allocation of Expenses

Directly identifiable expenses are charged to program services, general and administrative, and fundraising. Expenses related to more than one function are charged to program services, general and administrative, and fundraising on the basis of management's analysis of time and expense. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provided for the overall support and direction of the Center.

Note 2 - Endowment Fund - Receivable

Endowment fund receivables at June 30, 2016 and 2015 consist of the following:

	2016	2015
Borrowing and advances due	$ 50,000	$ 50,000
Amounts due in:		
Less than one year	$ 12,500	$ 5,000
One to five years	37,500	45,000
	$ 50,000	$ 50,000

Note 2 - Endowment Fund - Receivable (continued)

Generally accepted accounting principles require endowment fund receivables to be reported at net present value. The difference between future cash flows and net present value is not significant for the Center.

During the year ended June 30, 2012, the Center was granted the temporary use of $60,000 of endowment funds for general operations. Borrowing and advances due to the endowment fund at June 30, 2016 and 2015 are $50,000 and $50,000, respectively.

Note 3 - Prepaid Ground Lease

On April 20, 1995, the Center entered into a ground lease agreement with an unrelated not-for-profit organization. The agreement allows the Center to use 2.943 acres of land in St. Louis County, Missouri for a period of 50 years. The Center is operating from a building that was constructed on the land. The lease agreement provides for rental payments of $1 per year.

The Center recorded a donation valued at $294,300 at inception, which represents the estimated fair market value of the lease rental payments in excess of the required $1 annual rental payments. The land lease was recorded at inception as a prepaid ground lease and is being amortized on a straight-line basis over the life of the lease. Amortization expense for the years ended June 30, 2016 and 2015 was $5,886 and $5,886, respectively.

Note 4 - Fair Value Measurements

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The standard maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect management's assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This hierarchy consists of three broad levels:

Level I - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.

Level II - Inputs other than quoted prices included within Level I that are observable for the assets or liability, either directly or indirectly. Level II inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III - Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Center's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The Center records marketable securities held at fair value on the Statements of Financial Position with all unrealized gains and losses reflected in the Statements of Activities. The degree of judgment used in measuring the fair value of investments held generally correlates to the level of pricing observability. Pricing observability is impacted by a number of factors, including the type of investment held, whether the investment is new to the market and not yet established, and the characteristics specific to the transaction.

Note 4 - Fair Value Measurements (continued)

Investments held, with readily available active quoted prices for which fair value can be measured from actively quoted prices, generally will have a higher degree of pricing observability and a lesser degree of judgment used in measuring fair value. Conversely, investments held, rarely traded, or not quoted, will generally have less or no pricing observability and a higher degree of judgment used in measuring fair value.

The Center's investments are reported at fair value in the accompanying Statements of Financial Position. A summary of investments at fair value for the years ended June 30, 2016 and 2015, as follows:

	June 30, 2016			
	Fair Value	Level I	Level II	Level III
Cash and Money Markets	$ 83,577	$ 83,577	$ -	$ -
Mutual Funds	791,694	791,694	-	-
Endowment fund - receivable	50,000	-	-	50,000
Total investments	$ 925,271	$ 875,271	$ -	$ 50,000

	June 30, 2015			
	Fair Value	Level I	Level II	Level III
Cash and Money Markets	$ 87,086	$ 87,086	$ -	$ -
Mutual Funds	826,306	826,306	-	-
Endowment fund - receivable	50,000	-	-	50,000
Total investments	$ 963,392	$ 913,392	$ -	$ 50,000

For the years ended June 30, 2016 and 2015, investments consisted of $55,687 and $55,837 in temporarily restricted scholarship fund investments and $819,584 and $857,855 in permanently, temporarily, and unrestricted endowment fund investments, respectively.

The Center uses appropriate valuation technique based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level I inputs because they generally provide the most reliable evidence of fair value. Level III inputs are only used when Level I or Level II inputs are not available. Valuation techniques utilized to determine fair values are consistently applied.

The following table provides further details of the Level III fair value measurements.

Endowment fund - receivable	
Balance at June 30, 2014	$ 55,000
Contributions and borrowed advances	-
Payments received on pledges	(5,000)
Balance at June 30, 2015	50,000
Contributions and borrowed advances	-
Payments received on borrowed advances	-
Balance at June 30, 2016	$ 50,000

Note 5 - Investments Concentration

The following are individual investments that represent 10% or more of the Center's total assets for the years ended June 30, 2016 and 2015.

	2016	2015
Investments at Fair Value		
Vanguard Wellington Admiral Fund	$ 306,220	$ 318,163
Vanguard STAR Inv. Fund	81,940	89,337
	$ 388,160	$ 407,500

Note 6 - Line of Credit Payable

On February 3, 2008, the Center signed a promissory note for a working capital line of credit in the amount of $50,000. All outstanding principal and accrued interest was due on January 22, 2016; the Center refinanced the note on January 22, 2016 at an interest rate of 2.5% per annum. The loan is due in one payment of all outstanding principal plus any accrued, unpaid interest, on January 22, 2019. The working capital line of credit is secured by a $50,000 certificate of deposit held at the bank. The Center's balances were $46,816 and $39,816 at June 30, 2016 and 2015.

Note 7 - Long Term Debt

	2016	2015
Note payable secured by the Deed of Trust on the building for $453,000 due in monthly installments of $3,360 through January 1, 2022 with interest payable at 3.22% through January 2017	$ 205,784	$ 238,896
Note payable secured by the Deed of Trust on building fixture for $74,500 due in monthly installments of $624 through December 1, 2024 with interest payable at 5.50%	49,864	54,344
	255,648	293,240
Less: Current maturities of long-term debt	(38,926)	(37,518)
	$ 216,722	$ 255,722

Principal maturities on the long-term debt as of June 30, 2016 are as follows:

Year ended June 30,	Principal	Interest	Total
2017	$ 38,926	$ 8,750	$ 47,676
2018	40,312	7,364	47,676
2019	41,747	5,929	47,676
2020	72,506	3,736	76,242
2021	38,888	1,431	40,319
2022	23,269	250	23,519
	$ 255,648	$ 27,460	$ 283,108

Note 8 - Retirement Plan

The Center has a Section 403(b) salary reduction program, which allows its employees to contribute a percentage of their wages to an income tax deferred retirement plan of the employee's choosing. The Center does not any make any matching contributions on behalf of its employees.

Note 9 - Allocation of Joint Costs

The Center has incurred joint costs for informational materials and activities that include fund raising appeals. The joint costs have been allocated to program services, fundraising and general and administrative activities of the unrestricted fund.

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes at June 30, 2016 and 2015:

	2016	2015
Library	$ 2,639	$ 2,639
Scholarships	91,657	92,856
Program services	85,468	72,747
Various other	2,414	2,736
Total	$ 182,178	$ 170,978

Note 11 - Permanently Restricted Net Assets

Permanently restricted net assets are made up of two endowment funds consisting of funds held at registered investment companies and advance borrowing. Contributions received for the Center's endowment funds are restricted in perpetuity unless released are authorized by donors or through provisions in the Center's investment policy. Income generated by these assets can be used for educational teaching programs. During the years ended June 30, 2016 and 2015, donors released permanent restrictions in the amounts of $29,111 and $30,643, respectively, for educational teaching programs.

Note 12 - Donor-Designated Endowment Funds

The Center's donor-designated endowment funds consist of funds established for the Center's various endeavors and activities. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Center has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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.

Note 12 - Donor-Designated Endowment Funds (continued)

As a result of this interpretation, the Center 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 as permanently restricted net assets is classified as unrestricted net assets available for expenditure by the Center, as elected by the Board of Directors, in a manner consistent with the standard prudence prescribed by SPMIFA. In accordance with SPMIFA, the Center 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 donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from the income and the appreciation of investments, (6) other resources of the Center, and (7) the Center's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Center has adopted investment and spending policies, approved by 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 registered investment companies and a money market account, which is intended to result in a consistent inflation-protection rate of return that has sufficient liquidity to make distributions of unrestricted earnings at the Board of Directors' discretion, while growing the funds, if possible. Therefore, the Center expects its endowment assets, over time, to produce an average rate of return that is consistently available to fund operations. Actual returns in any given year may vary. 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 Center has a policy of appropriating for distribution available earnings to serve operations of the Center at the discretion of the Board of Directors. In establishing this policy, the Center considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Center expects the current spending policy to allow its endowment funds to grow at a nominal average rate in line with economic growth. If the total value that is equal to or lesser than the contributions base, then no future endowment fund income shall be distributed until the total value of the endowment fund subsequently increases to an amount that is greater than the contribution base. In March 2011, the investment policy was amended to include the adoption of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which will allow for distributions below the contributor's base so long as it is in a prudent manner and follows considerations enumerated in the policy. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2016 is as follows:

	Temporarily and Unrestricted	Permanently Restricted	Total Endowment Net Assets
Donor-restricted endowment funds	$ 62,711	$ 807,153	$ 869,864

Note 12 - Donor-Designated Endowment Funds (continued)

Endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	Temporarily and Unrestricted	Permanently Restricted	Total Endowment Net Assets
Donor-restricted endowment funds	$ 71,804	$ 836,264	$ 908,068

Changes in endowment net assets as of June 30, 2016 are as follows:

	Temporarily and Unrestricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets beginning of year	$ 71,804	$ 836,264	$ 908,068
Contributions	-	-	-
Gain (loss) on investments	(28,463)	-	(28,463)
Investment income	55,314	-	55,314
Appropriated for expenditure per endowment agreement	(36,967)	(29,111)	(66,078)
Donor release removed from investments	-	-	-
Adjustments	1,023	-	1,023
Endowment net assets end of year	$ 62,711	$ 807,153	$ 869,864

Changes in endowment net assets as of June 30, 2015 are as follows:

	Temporarily and Unrestricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets beginning of year	$ 151,048	$ 841,788	992,836
Contributions	-	25,119	25,119
Gain (loss) on investments	(36,889)	-	(36,889)
Investment income	55,903	-	55,903
Appropriated for expenditure per endowment agreement	(98,258)	(30,643)	(128,901)
Donor release removed from investments	-	-	-
Endowment net assets end of year	$ 71,804	$ 836,264	$ 908,068

Note 12 - Donor-Designated Endowment Funds (continued)

Adoption of UPMIFA

The State of Missouri enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the majority of the Center's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that SPMIFA requires the Center to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2016 and 2015.

Note 13 - Subsequent Events

The Center has evaluated events subsequent to June 30, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through November 3, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.