

Ann Arbor Art Association
Financial Statements
August 31, 2017 (With Summarized Comparative
Information for 2016)



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Independent Auditors' Report

To the Board of Directors
Ann Arbor Art Association
Ann Arbor, Michigan

We have audited the accompanying financial statements of Ann Arbor Art Association which comprise the statement of financial position as of August 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Ann Arbor Art Association as of August 31, 2017, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. The Organization corrected various line items from the prior period due to additional information obtained relating to paid time off policies and the endowment. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously reviewed the Ann Arbor Art Association 2016 financial statements, and in our conclusion dated June 13, 2017, stated that based on our review, we were not aware of any material modifications that should be made to the 2016 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended August 31, 2017, for it to be consistent with the reviewed financial statements from which it has been derived. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Yeo & Yeo, P.C.

Ann Arbor, MI

January 22, 2018

Ann Arbor Art Association
Statement of Financial Position
August 31, 2017
(With Summarized Comparative Information for 2016)

	<u>2017</u>	(Restated) Reviewed <u>2016</u>
Assets		
Current assets		
Cash	\$ 128,264	\$ 144,579
Accounts receivable	17,898	12,485
Pledges receivable - current	158,000	-
Prepaid expenses	5,658	5,187
Inventory	<u>30,075</u>	<u>30,567</u>
Total current assets	<u>339,895</u>	<u>192,818</u>
Non-current assets		
Beneficial interest held by others	52,602	47,600
Pledges receivable - noncurrent	319,436	-
Property and equipment, net	<u>560,763</u>	<u>291,867</u>
Total non-current assets	<u>932,801</u>	<u>339,467</u>
Total assets	<u>\$ 1,272,696</u>	<u>\$ 532,285</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 49,954	\$ 52,991
Accrued expenses	8,742	12,627
Deferred revenue	<u>62,429</u>	<u>70,885</u>
Total current liabilities	<u>121,125</u>	<u>136,503</u>
Note payable	<u>40,000</u>	<u>40,000</u>
Net assets		
Unrestricted	591,094	276,932
Temporarily restricted	481,377	39,950
Permanently restricted	<u>39,100</u>	<u>38,900</u>
Total net assets	<u>1,111,571</u>	<u>355,782</u>
Total liabilities and net assets	<u>\$ 1,272,696</u>	<u>\$ 532,285</u>

See Accompanying Notes to the Financial Statements

Ann Arbor Art Association
Statement of Activities
For the Year Ended August 31, 2017
(With Summarized Comparative Information for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017	(Restated) Reviewed 2016
Revenue and support					
Contributions and grants	\$ 244,071	\$ -	\$ 200	\$ 244,271	\$ 295,822
Capital campaign	-	807,062	-	807,062	-
Class fees	522,312	-	-	522,312	473,856
Art inventory sales	213,156	-	-	213,156	249,915
Facility rent	32,151	-	-	32,151	34,359
Special events	98,739	-	-	98,739	84,664
In-kind revenue	9,301	-	-	9,301	15,436
Membership dues	8,515	-	-	8,515	11,720
Other revenue	28,485	-	-	28,485	30,280
Investment earnings	25,376	-	-	25,376	19,582
Net assets released from restrictions	365,635	(365,635)	-	-	-
Total revenue and support	<u>1,547,741</u>	<u>441,427</u>	<u>200</u>	<u>1,989,368</u>	<u>1,215,634</u>
Operating expenses					
Program services	953,516	-	-	953,516	762,868
Management and general	147,159	-	-	147,159	326,944
Fundraising	132,904	-	-	132,904	89,863
Total operating expenses	<u>1,233,579</u>	<u>-</u>	<u>-</u>	<u>1,233,579</u>	<u>1,179,675</u>
Change in net assets	314,162	441,427	200	755,789	35,959
Net assets at beginning of year	<u>315,832</u>	<u>39,950</u>	<u>-</u>	<u>355,782</u>	<u>300,015</u>
Prior period adjustment	<u>(38,900)</u>	<u>-</u>	<u>38,900</u>	<u>-</u>	<u>19,808</u>
Net assets beginning of year - restated	<u>276,932</u>	<u>39,950</u>	<u>38,900</u>	<u>355,782</u>	<u>319,823</u>
Net assets at end of year	<u>\$ 591,094</u>	<u>\$ 481,377</u>	<u>\$ 39,100</u>	<u>\$ 1,111,571</u>	<u>\$ 355,782</u>

See Accompanying Notes to the Financial Statements

Ann Arbor Art Association
Statement of Functional Expenses
For the Year Ended August 31, 2017
(With Summarized Comparative Information for 2016)

	Support Services			2017 Total	(Restated) Reviewed 2016 Total
	Program	Management and General	Fundraising		
Salaries	\$ 365,617	\$ 94,539	\$ 71,403	\$ 531,559	\$ 482,377
Payroll taxes	33,438	6,082	5,752	45,272	40,957
Other employee benefits	38,467	6,090	7,812	52,369	51,226
Total payroll	<u>437,522</u>	<u>106,711</u>	<u>84,967</u>	<u>629,200</u>	<u>574,560</u>
Cost of goods sold	112,653	-	-	112,653	140,395
Education expenses	160,143	-	-	160,143	151,199
Rental expenses	1,417	-	-	1,417	2,220
Gallery expenses	11,703	-	-	11,703	8,112
POP X expenses	54,260	-	-	54,260	82,557
Occupancy expenses	57,002	5,268	1,767	64,037	60,193
Office expenses	13,929	7,340	4,531	25,800	27,313
Advertising expenses	31,844	823	6,694	39,361	38,967
Professional fees	7,605	22,575	704	30,884	6,470
Insurance expenses	7,255	309	154	7,718	10,681
Depreciation expense	25,779	1,097	549	27,425	27,182
Capital campaign expense	-	-	29,364	29,364	9,461
Miscellaneous expense	32,404	3,036	4,174	39,614	40,365
Total expenses	<u>\$ 953,516</u>	<u>\$ 147,159</u>	<u>\$ 132,904</u>	<u>\$ 1,233,579</u>	<u>\$ 1,179,675</u>

See Accompanying Notes to the Financial Statements

Ann Arbor Art Association
Statement of Cash Flows
For the Year Ended August 31, 2017
(With Summarized Comparative Information for 2016)

	2017	(Restated) Reviewed 2016
Cash flows form operating activities		
Change in net assets	\$ 755,789	\$ 35,959
Items not requiring cash		
Prior period adjustment	-	19,808
Depreciation	27,425	27,182
Change in operating assets and liabilities		
Accounts receivable	(5,413)	11,357
Pledges receivable	(477,436)	-
Prepaid expenses	(471)	3,726
Inventory	492	(13,254)
Deposits	-	670
Accounts payable	(3,037)	13,542
Accrued expenses	(3,885)	(28,647)
Deferred revenue	(8,456)	(31,343)
Net cash provided by operating activities	285,008	39,000
Cash flows from investing activities		
Purchase of investments	(5,002)	(47,600)
Purchase of fixed assets	(296,321)	(40,994)
Net cash used by investing activities	(301,323)	(88,594)
Cash flows from financing activities		
Loan proceeds	-	40,000
Change in cash	(16,315)	(9,594)
Cash, beginning of year	144,579	154,173
Cash, end of year	\$ 128,264	\$ 144,579

See Accompanying Notes to the Financial Statements

Ann Arbor Art Association
Notes to the Financial Statements
August 31, 2017
(With Summarized Comparative Information for 2016)

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Ann Arbor Art Association (the "Organization") is a Michigan non-profit organization. For 108 years, the Ann Arbor Art Association has been sparking creativity in people of all ages and artistic abilities. Our mission is "to be a contemporary forum for the visual arts through education, exploration, collaboration and exhibition, and to engage minds, expand perspectives and inspire growth in students of all ages, teachers, artists and the community." Through innovative programming, provocative exhibitions, wide-ranging learning courses, and a gallery shop offering handmade artworks, the Art Center engages over 49,500 people annually in exploring the arts.

Financial Statement Presentation

Net assets of the Organization and changes therein, are classified and reported as follows:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Comparative Financial Information

The financial information for the year August 31, 2016 is presented for comparative purposes is not intended to be a complete financial statement presentation. Certain items were reclassified to more accurately report their purpose.

Cash

The Organization considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. The entire bank balance of \$135,631 was insured by the FDIC.

Accounts Receivable

The Organization records program revenue for sales upon the purchase of merchandise or receipt of services by customers. Program revenue includes the lines described on the statement of activities as art inventory sales, class fees, and facility rent.

The Organization uses the allowance method for accounting for doubtful accounts. Management regularly reviews the collection history of its receivables balances. Based on management's review, no allowance was deemed necessary as of August 31, 2017 and 2016.

Ann Arbor Art Association
Notes to the Financial Statements
August 31, 2017
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It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Finance charges are recorded monthly on balances that are considered past due. Amounts are past due when not paid by the end of the following month.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions include the lines described on the statement of activities as contributions and grants. The Organization initially records unconditional promises to give at fair value using the income approach and subsequently amortizes them using the original discount rate.

Inventory

Inventories consist of finished goods and are stated at the lower of cost or market. Cost is determined on the first-in, first-out method.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized.

Furniture and equipment are stated at cost or fair market value at the date received. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment and other long-lived assets are also reported as unrestricted revenue and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Beneficial Interest in Assets Held by Others

The Organization established an endowment held and managed by the Ann Arbor Area Community Foundation ("Foundation"). The Organization is eligible to receive distributions based on earnings on the average balance in the endowment. With the exception of the previously mentioned allowable disbursements and an annual fee, the Foundation cannot make disbursements of the endowment corpus. The Foundation has variance power of these funds.

Donated Goods

The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. The Organization recognized donated goods of \$9,301 and \$15,436 for the years ended August 31, 2017 and 2016, respectively.

Ann Arbor Art Association
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Advertising

The Organization expenses advertising costs the first time the advertising occurs. Advertising expense for the years ended August 31, 2017 and 2016 was \$39,361 and \$38,967, respectively.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses.

Income Tax Status

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization other than a private foundation, as described in Section 509(a). The Organization files information returns in the U.S. Federal and Michigan jurisdiction.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through January 22, 2018, which is the date the financial statements were available to be issued.

Note 2 - Community Foundation

The Organization transferred funds to the Ann Arbor Area Community Foundation (AAACF) to fulfil a donor's request. AAACF holds and manages the funds transferred. Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others are done so in accordance with ASC 95-605-25. The fair market value of these funds is \$52,602 and \$47,600 as of August 31, 2017 and 2016, respectively.

In addition, certain funds donated by outside donors for the benefit of the Organization are held and managed by AAACF. Such contribution are subject to variance power maintained by AAACF. The fair market value of these funds is \$489,151 and \$455,783 at August 31, 2017 and 2016, respectively. Earnings are available for distribution to the Organization for operations at the discretion of AAACF; therefore, principal balances are not reflected in the financial statements.

Ann Arbor Art Association
Notes to the Financial Statements
August 31, 2017
(With Summarized Comparative Information for 2016)

Note 3 - Unconditional Promises to Give

Unconditional promises to give as of August 31 consist of the following:

	2017
Promises to give	\$ 522,400
Allowance for uncollectible promises to give	(44,964)
 Net promises to give	 \$ 477,436
 Amounts due in	
2018	\$ 158,000
2019	149,500
2020	94,900
2021	90,000
2022	20,000
Thereafter	10,000
 Less discount to net present value	 (44,964)
Total	\$ 477,436

The promises to give recorded use the original discount rate of 0.0456%. The Organization had no promises to give as of August 31, 2016.

Note 4 - Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	2017	2016
Buildings	\$ 92,254	\$ 92,254
Building improvements	642,830	642,830
Equipment	166,703	166,703
Land	25,000	25,000
Construction in Progress	296,321	-
	1,223,108	926,787
Less: accumulated depreciation	(662,345)	(634,920)
Net property and equipment	\$ 560,763	\$ 291,867

Ann Arbor Art Association
Notes to the Financial Statements
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Note 5 - Operating Lease

The Organization leases various types of office equipment under operating leases expiring in various years through 2022. The following is a summary of future payments relating to the operating leases:

For the year endind August 31,	
2018	\$ 7,871
2019	5,193
2020	5,193
2021	5,193
2022	<u>3,462</u>
Total	<u>\$ 26,912</u>

Expenses relating to the leases for both August 31, 2017 and 2016 were \$8,466 and \$8,112, respectively.

Note 6 - Note Payable

In August 2016, the Organization entered into an unsecured loan agreement with the Ann Arbor Area Community Foundation for \$40,000. The note includes interest at the rate of 1% per annum. The balance is due in one lump sum on September 15, 2019. Interest is paid quarterly.

Note 7 - Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31:

	<u>2017</u>	<u>2016</u>
POP-X	\$ -	\$ 39,950
Capital Campaign	<u>481,377</u>	<u>-</u>
	<u>\$ 481,377</u>	<u>\$ 39,950</u>

Permanently restricted net assets are available for the following purposes at August 31:

	<u>2017</u>	<u>2016</u>
Endowment	<u>\$ 39,100</u>	<u>\$ 38,900</u>

Note 8 - Fair Value Measurements

The following tables represent information about the Organization's assets and liabilities measured at fair value on a recurring basis at August 31, 2017 and 2016, and the valuation techniques used by the Organization to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

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Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

There are only level 3 inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Organization measures the beneficial interest funds held at the AAACF at fair value on a recurring basis. The fair value of the beneficial interest and promises to give were determined primarily based on Level 3 inputs. The Organization estimates the fair value of the investments based upon the Organization's relative share of assets held and reported by the AAACF, unless the facts and circumstances indicate the fair value would be different from the present value of the estimated future distributions. The Organization estimates the fair value of the promises to give based on the net present value of pledges.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows:

	Balance at August 31, 2017	Significant Unobservable inputs (Level 3)	Balance at August 31, 2016	Significant Unobservable inputs (Level 3)
Beneficial interest in the Ann Arbor Area Community Foundation Endowment	<u>\$ 52,602</u>	<u>\$ 52,602</u>	<u>\$ 47,600</u>	<u>\$ 47,600</u>

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis:

Balance at August 31, 2015	\$ 8,700
Additional contribution to endowment fund	<u>38,900</u>
Balance at August 31, 2016	47,600
Change in value of endowment fund	<u>5,002</u>
Balance at August 31, 2017	<u>\$ 52,602</u>

Note 9 - Donor and Board Restricted Endowments

The Ann Arbor Art Association's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified based on those donor-imposed restrictions.

Ann Arbor Art Association
Notes to the Financial Statements
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Interpretation of Relevant Law

The board of directors of the Ann Arbor Art Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Ann Arbor Art Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets unless otherwise specified by the donor. In accordance with UPMIFA, the organization exercises the standard of ordinary business care and prudence when determining the amount of earnings and gains to appropriate within the endowment fund. The Ann Arbor Art Association considers the following factors in exercising this standard of care: (1) the long-term and short-term needs of the organization in carrying out its charitable purpose; (2) the present and anticipated financial requirements of the organization; (3) the expected total return on investments (4) price level trends; and (5) general economic conditions.

The endowment net asset composition by type of fund as of August 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 39,100	\$ 39,100
Unrestricted endowment funds	<u>13,502</u>	<u>-</u>	<u>13,502</u>
Total funds	<u>\$ 13,502</u>	<u>\$ 39,100</u>	<u>\$ 52,602</u>

Changes in endowment net assets for the year ended August 31, 2017 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning of year	\$ 8,700	\$ 38,900	\$ 47,600
Investment income	<u>4,802</u>	<u>200</u>	<u>5,002</u>
End of year	<u>\$ 13,502</u>	<u>\$ 39,100</u>	<u>\$ 52,602</u>

The endowment net asset composition by type of fund as of August 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 38,900	\$ 38,900
Unrestricted endowment funds	<u>8,700</u>	<u>-</u>	<u>8,700</u>
Total funds	<u>\$ 8,700</u>	<u>\$ 38,900</u>	<u>\$ 47,600</u>

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The changes in endowment net assets for the year ended August 31, 2016 are as follows:

	Unrestricted	Permanently Restricted	Total
Beginning of year	\$ -	\$ -	\$ -
Investment income	<u>8,700</u>	<u>38,900</u>	<u>47,600</u>
End of year	<u>\$ 8,700</u>	<u>\$ 38,900</u>	<u>\$ 47,600</u>

Return Objectives and Risk Parameters

The Organization 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. The funds are held in beneficial interest at the Ann Arbor Area Community Foundation (AAACF) and are invested following AAACF's investment policy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment funds are subject to the investment and distribution policies of AAACF. The Organization determines annually whether it will accept the distribution designated by AAACF or ask that it be reinvested for growth.

Note 10 - Related Party

The Organization makes certain payments to various board members and shareholders for services provided in the normal course of business. Payments to these board members were \$22,400 and \$0 for 2017 and 2016, respectively. The Organization received a \$50,000 grant in 2017 from an Organization in which an officer sits on the board. There were no related party receivables or payables outstanding as of year end 2017 and 2016.

Note 11 - Prior Period Adjustment

The Organization corrected various line items from the prior period due additional information obtained about the paid time off policies and the endowment. The adjustment resulted in several changes to the 2016 balances as described below:

Line item	Reviewed August 31, 2016	Restatement	Restated - Reviewed August 31, 2016
Investments	\$ 38,900	\$ 8,700	\$ 47,600
Accrued expenses	30,931	(18,304)	12,627
Salaries expense	489,573	(7,196)	482,377
Beginning net assets	300,015	19,808	319,823
Permanently restricted net assets	-	38,900	38,900
Unrestricted net assets	315,832	(38,900)	276,932

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Note 12 - Subsequent Event

Subsequent to year end, the Organization obtained a note from a bank for \$4,000,000 on December 15, 2017 for the purchase of an adjacent property and building. The note's terms are payments of \$30,095 per month for 60 months with a balloon payment of the remaining balance in December 2022. The interest rate on the note is 4.5%.