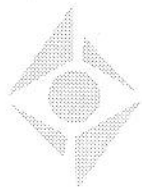


BILLINGS FOOD BANK
Billings, Montana

FINANCIAL STATEMENTS
June 30, 2017 and 2016

MANGIS ACCOUNTING, PC
Certified Public Accountants
Billings, Montana

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MANGIS ACCOUNTING
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Independent Auditor's Report

To the Board of Directors
Billings Food Bank
Billings, Montana

We have audited the accompanying financial statements of the Billings Food Bank of Billings, Montana, a non-profit corporation, 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, Statements of Functional Expense and Statements of 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 audit. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Billings Food Bank 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.


Mangis Accounting, PC

Billings, Montana
July 30, 2018

BILLINGS FOOD BANK
Billings, Montana

STATEMENTS OF FINANCIAL POSITION
June 30

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 11,649	\$ 32,410
Investments	41,167	69,607
Inventories	<u>2,336,217</u>	<u>3,553,482</u>
Total Current Assets	<u>2,389,033</u>	<u>3,655,499</u>
 <u>Property and Equipment</u>		
Land	684,875	684,875
Building and improvements	4,496,715	4,496,715
Furniture and fixtures	31,613	31,613
Equipment	<u>323,426</u>	<u>323,426</u>
Total Property and Equipment	5,536,629	5,536,629
Less Accumulated Depreciation	<u>(1,175,070)</u>	<u>(1,038,440)</u>
Net Property and Equipment	<u>4,361,559</u>	<u>4,498,189</u>
 <u>Other Assets</u>		
Endowment investments	1,303,841	523,290
Building investment	-	263,882
Total Other Assets	<u>1,303,841</u>	<u>787,172</u>
Total Assets	<u>\$ 8,054,433</u>	<u>\$ 8,940,860</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 24,164	\$ 34,814
Interest payable	1,140	1,388
Accrued expenses	65,413	65,639
Annuity Liability	-	8,000
Current maturities of long-term debt	<u>55,483</u>	<u>54,016</u>
Total Current Liabilities	<u>146,200</u>	<u>163,857</u>
 <u>Long-term Liabilities</u>		
Annuity Liability	47,337	34,655
Long-term debt - Less current maturities	<u>508,353</u>	<u>563,757</u>
Total Long-term Liabilities	<u>555,690</u>	<u>598,412</u>
Total Liabilities	<u>701,890</u>	<u>762,269</u>
 <u>Net Assets</u>		
Unrestricted	6,652,206	7,483,822
Permanently restricted - Endowment	<u>700,337</u>	<u>694,769</u>
Total Net Assets	<u>7,352,543</u>	<u>8,178,591</u>
Total Liabilities and Net Assets	<u>\$ 8,054,433</u>	<u>\$ 8,940,860</u>

See accompanying notes to financial statements

BILLINGS FOOD BANK
Billings, Montana

STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS
Years Ended June 30

<u>UNRESTRICTED NET ASSETS</u>	<u>2017</u>	<u>2016</u>
<u>Public Support</u>		
Cash contributions	\$ 576,626	\$ 550,359
Noncash contributions	31,106,259	31,646,376
Culinary Center - Food income	26,894	45,197
Special events	108,531	138,904
Less: Direct benefit to donors	<u>(15,949)</u>	<u>(41,790)</u>
Total Public Support	<u>31,802,361</u>	<u>32,339,046</u>
 <u>Other Revenue</u>		
Net investment return (loss)	578,017	16,766
Change in value of charitable gift annuities	<u>(330)</u>	<u>2,017</u>
Total Other Revenue	<u>577,687</u>	<u>18,783</u>
 Total Unrestricted Revenue	<u>32,380,048</u>	<u>32,357,829</u>
 <u>Expense</u>		
Program services	32,995,170	32,527,437
Support services	140,555	175,130
Fund raising	75,939	65,552
Total Unrestricted Expense	<u>33,211,664</u>	<u>32,768,119</u>
 Increase (Decrease) in Unrestricted Net Assets	<u>(831,616)</u>	<u>(410,290)</u>
 <u>PERMANENTLY RESTRICTED NET ASSETS</u>		
Public support - Endowment	<u>5,568</u>	<u>17,057</u>
 Increase in Permanently Restricted Net Assets	<u>5,568</u>	<u>17,057</u>
 Change in Net Assets	(826,048)	(393,233)
 Net Assets - Beginning	<u>8,178,591</u>	<u>8,571,824</u>
 Net Assets - Ending	<u>\$ 7,352,543</u>	<u>\$ 8,178,591</u>

See accompanying notes to financial statements

BILLINGS FOOD BANK
Billings, MT

STATEMENTS OF FUNCTIONAL EXPENSE

Year Ended June 30, 2017

	Program Services- Food Assistance	Program Services- Culinary Program	Program Services- Total Program Services	Support Services	Fund- Raising	Total Supporting Services	Total 2017
	\$ 1,091	\$ -	\$ 1,091	\$ -	\$ -	\$ -	\$ 1,091
Contract labor	81,979	34,157	116,136	13,663	6,831	20,494	136,630
Depreciation	32,463,220	3,896	32,467,116	-	-	-	32,467,116
Food	-	-	-	7,540	-	7,540	7,540
Investment fees	10,217	4,119	14,336	1,648	494	2,142	16,478
Insurance & benefits	17,581	4,395	21,976	2,442	-	2,442	24,418
Interest	29,326	4,330	33,656	1,924	-	1,924	35,580
Maintenance & repairs	12,681	-	12,681	-	2,400	2,400	15,081
Other expense	51,735	17,244	68,979	9,738	2,434	12,172	81,151
Occupancy	18,741	-	18,741	65,591	9,370	74,961	93,702
Officer's salary	3,474	-	3,474	386	-	386	3,860
Office supplies expense	10,265	8,600	18,865	6,936	1,941	8,877	27,742
Payroll taxes	5,572	-	5,572	5,572	16,715	22,287	27,859
Printing & postage	-	-	-	21,009	-	21,009	21,009
Professional fees	21,201	2,356	23,557	-	13,767	13,767	37,324
Promotional	83,423	85,678	169,101	3,027	6,053	9,080	178,181
Salaries	165	2,529	2,694	-	15,594	15,594	18,288
Supplies	3,626	-	3,626	403	-	403	4,029
Taxes and licenses	4,733	1,014	5,747	676	340	1,016	6,763
Telephone	7,822	-	7,822	-	-	-	7,822
Vehicle expense							
Total Functional Expenses	\$ 32,826,852	\$ 168,318	\$ 32,995,170	\$ 140,555	\$ 75,939	\$ 216,494	\$ 33,211,664

See accompanying notes to financial statements

BILLINGS FOOD BANK
Billings, MT

STATEMENTS OF FUNCTIONAL EXPENSE

	Year Ended June 30, 2016						Total 2016
	Program Services- Food Assistance	Program Services- Culinary Program	Total Program Services	Support Services	Fund- Raising	Total Supporting Services	
Contract labor	\$ 6,792	\$ -	\$ 6,792	\$ -	\$ -	\$ -	6,792
Depreciation	86,345	35,977	122,322	14,391	7,195	21,586	143,908
Food	31,906,926	39,673	31,946,599	-	-	-	31,946,599
Investment fees	-	-	-	9,266	-	9,266	9,266
Insurance & benefits	12,023	5,131	17,154	3,051	318	3,369	20,523
Interest	25,267	5,546	30,813	3,424	-	3,424	34,237
Maintenance & repairs	34,176	4,144	38,320	2,771	-	2,771	41,091
Other expense	9,674	-	9,674	3,330	-	3,330	13,004
Occupancy	46,730	15,577	62,307	9,529	1,466	10,995	73,302
Officer's salary	18,961	-	18,961	66,362	9,480	75,842	94,803
Office supplies expense	2,573	-	2,573	9,651	643	10,294	12,867
Payroll taxes	12,709	7,509	20,218	6,458	1,404	7,862	28,080
Printing & postage	4,491	-	4,491	5,970	15,120	21,090	25,581
Professional fees	-	-	-	33,191	-	33,191	33,191
Promotional	20,389	2,265	22,654	-	9,430	9,430	32,084
Salaries	100,316	98,158	198,474	5,684	2,842	8,526	207,000
Supplies	2,883	3,472	6,355	706	17,374	18,080	24,435
Taxes and licenses	2,869	-	2,869	506	-	506	3,375
Telephone	3,810	672	4,482	840	280	1,120	5,602
Vehicle expense	12,379	-	12,379	-	-	-	12,379
Total Functional Expenses	\$ 32,309,313	\$ 218,124	\$ 32,527,437	\$ 175,130	\$ 65,552	\$ 240,682	\$ 32,768,119

See accompanying notes to financial statements

BILLINGS FOOD BANK
Billings, Montana

STATEMENTS OF CASH FLOWS
Years Ended June 30

<u>OPERATING ACTIVITIES</u>	<u>2017</u>	<u>2016</u>
Increase (Decrease) in net assets	\$ (826,048)	\$ (393,233)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	136,630	143,908
Realized and unrealized (gain) loss on operating investments	(11,193)	2,184
Change in value of charitable gift annuities	330	(2,017)
Note receivable - employee - decrease	-	5,318
Inventory - decrease	1,217,265	196,179
Accounts payable - increase (decrease)	(10,650)	30,269
Interest payable - (decrease)	(248)	(665)
Accrued expenses - (decrease)	(226)	(2,980)
Contributions restricted to endowment - (increase)	(5,568)	(17,057)
Endowment net investment (return)	(564,150)	(16,440)
Annuity liability - increase (decrease)	4,682	(10,017)
Donated equipment	-	(2,700)
Net Cash Provided (Used) by Operating Activities	<u>(59,176)</u>	<u>(67,251)</u>
<u>INVESTING ACTIVITIES</u>		
Fixtures & equipment - (purchase)	-	(36,673)
Transfer from (to) investments	<u>92,352</u>	<u>217,237</u>
Net Cash (Used) by Investing Activities	<u>92,352</u>	<u>180,564</u>
<u>FINANCING ACTIVITIES</u>		
Note payable - principal payments	<u>(53,937)</u>	<u>(253,371)</u>
Net Cash (Used) by Financing Activities	<u>(53,937)</u>	<u>(253,371)</u>
Cash and Cash Equivalents Increase (Decrease) - For Year	(20,761)	(140,058)
Cash and Cash Equivalents Balance - Beginning	<u>32,410</u>	<u>172,468</u>
Cash and Cash Equivalents Balance - Ending	<u>\$ 11,649</u>	<u>\$ 32,410</u>
Supplemental Disclosures:		
Interest paid	\$ 24,666	\$ 34,892
Income taxes paid	\$ -	\$ -

See accompanying notes to financial statements

1 ORGANIZATION

The Billings Food Bank (the Organization) is a non-profit organization established to collect, purchase, warehouse, and distribute food and other essentials both directly and through social agencies which primarily feed the needy. The Organization also operates the Fortin Culinary Center to provide training for entry level jobs in commercial kitchens. The training is directed to unemployed or underemployed individuals in the Billings area. The Fortin kitchen is available for use by people starting or expanding a food business. Nutrition education and classes are also provided.

2 SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with professional standards and are stated on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred rather than when the obligation is paid. The significant accounting policies described below are to enhance the usefulness of the financial statements to the reader.

- a Support – Billings Food bank receives most of its support from the general public and fund-raising events.
- b Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- c Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- d Cash and Cash Equivalents - For purposes of the Statements of Cash Flows the Organization considers all cash and investments that mature within 90 days to be the same as cash. The Food Bank may periodically have cash balances at financial institutions that exceed the federally insured limit.
- e Donated Food - Food contributions received by the Organization are capitalized as food inventory and recorded as unrestricted revenue. Upon distribution, food inventory is recorded as a decrease in unrestricted net assets and is charged to expense as food donation. These transactions are recorded, based on the pounds of food received or distributed, using an industry standard value per unit of \$1.85 per unit in 2017 and 2016.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

- f Investments -The Organization has adopted standards for investment recognition whereby investments in marketable securities with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

The Organization's endowment includes donor restricted funds. The net assets associated with endowment funds are classified and reported based on existence or absence of donor imposed restrictions. The endowment adheres to the Uniform Prudent Management of Institutional Funds Act of 2006. The new law eliminates the historical dollar threshold and establishes prudent spending guidelines that consider both duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, the endowment may now spend the amount of the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk. The investment objectives for the endowment assets are:

1. To generate a level of current income sufficient to meet withdrawal needs. Any shortfall in current income required to meet spending needs may be made from net capital appreciation.
2. To grow the asset value of the endowment, exclusive of contributions or withdrawals, in the long term exceeding the rate of inflation and earn a rate of return in excess of the endowment's annual distribution rate through a combination of investment income and capital appreciation.
3. To diversify the endowment's assets in order to reduce the risk of wide swings in market value from year to year or the risk of incurring large losses.
4. To achieve investment results over the long term that compare favorably with those of other professional fund managers and of appropriate market indexes.

It is expected that these objectives can be obtained through a well-diversified portfolio structure in a manner consistent with this investment policy.

The ASC establishes a framework for measuring fair value and expands disclosures required for fair value measurements. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. These levels, in order of lowest to highest priority are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

f Investments(continued)

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the organization's own assumptions.

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

- g Property and Equipment - The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date received. Depreciation of the building and improvements and equipment is computed using the straight-line method over the following estimated useful lives:

Building and improvements	5-39.5 years
Equipment	5-10 years
Furniture and fixtures	5-10 years

- h Charitable Gift Annuities - Under charitable gift annuity contracts, we receive immediate and unrestricted title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discounts rate designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a restricted contribution. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.
- i Income Taxes - The Organization is a non-profit organization exempt from income taxation under IRS Code section 501(c)(3). The Internal Revenue Service Form 990, Return of Organizations Exempt from income tax, for the years ending 2014, 2015 and 2016 are open years for examination by the IRS, generally three years after they were filed.
- j 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. Accordingly, actual results could differ from those estimates.
- k Functional Allocation of Expenses - The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

l Donated Services and Equipment -The Organization receives donated services from a variety of unpaid volunteers assisting in the operations. The value of these services has not been recognized in the financial statements since it does not meet the criteria for recognition.

The Organization recognizes contributed services if the services received create or enhance long lived assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be paid for if not donated.

m Prior Year Amounts - Certain amounts from the prior year have been reclassified to be more comparable with the current year presentation.

3. FOOD INVENTORY

The following summarizes food inventory transactions:

	<u>Units</u>	<u>Dollars</u>
Beginning – July 1, 2016	1,920,801	\$ 3,553,482
Food contributions	16,814,194	31,106,259
Food distributions *	<u>(17,472,175)</u>	<u>(32,323,524)</u>
Ending – June 30, 2017	<u>1,262,820</u>	<u>\$ 2,336,217</u>

Food inventory is recorded at \$1.85 per unit as of June 30, 2017 and 2016, based on an industry standard value per unit of food.

*This does not include food distributed that was purchased for cash.

4. INVESTMENTS

The following table sets forth the level, within the fair value hierarchy, of investments and certain other assets that are measured at fair value at June 30, 2017.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Operating investments</u>				
Money market	\$ 2,046	-	-	-
Mutual funds	<u>39,121</u>	<u>39,121</u>	<u>-</u>	<u>-</u>
	<u>\$ 41,167</u>	<u>\$ 39,121</u>	<u>-</u>	<u>-</u>
 <u>Endowment investments</u>				
Money market	\$ 14,135	-	-	-
Mutual funds	496,498	496,498	-	-
Real estate - building	<u>793,208</u>	<u>-</u>	<u>-</u>	<u>793,208</u>
	<u>\$ 1,303,841</u>	<u>\$ 496,498</u>	<u>-</u>	<u>\$ 793,208</u>

The investment in building is 100% owned by the Billings Food Bank. The building was transferred to the endowment in 2016. The net cost of the building is \$263,882. The fair market value of the building determined by management upon transfer was \$793,208. Management determined the fair market value of the building based on the insurable value.

NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

The following table sets forth the level, within the fair value hierarchy, of investments and certain other assets that are measured at fair value at June 30, 2016.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Operating investments</u>				
Money market	\$ 1,432	-	-	-
Mutual funds	<u>68,175</u>	<u>68,175</u>	-	-
	<u>\$ 69,607</u>	<u>\$ 68,175</u>	-	-
 <u>Endowment investments</u>				
Money market	\$ 18,197	-	-	-
Mutual funds	<u>505,093</u>	<u>505,093</u>	-	-
	<u>\$ 523,290</u>	<u>\$ 505,093</u>	-	-

The following table presents cost and fair value of investments at June 30, 2017.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
<u>Operating investments</u>			
Money market	\$ 2,046	\$ 2,046	-
Mutual funds	<u>22,392</u>	<u>39,121</u>	<u>16,729</u>
	<u>\$ 24,438</u>	<u>\$ 41,167</u>	<u>\$ 16,729</u>
 <u>Endowment investments</u>			
Money market	\$ 14,134	\$ 14,134	-
Mutual funds	465,538	496,499	30,961
Real estate	<u>263,882</u>	<u>793,208</u>	<u>529,326</u>
	<u>\$ 743,554</u>	<u>\$ 1,303,841</u>	<u>\$ 560,287</u>

The following table presents cost and fair value of investments at June 30, 2016.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
<u>Operating investments</u>			
Money market	\$ 1,432	\$ 1,432	-
Mutual funds	<u>44,971</u>	<u>68,174</u>	<u>23,203</u>
	<u>\$ 46,403</u>	<u>\$ 69,606</u>	<u>\$ 23,203</u>
 <u>Endowment investments</u>			
Money market	\$ 18,197	\$ 18,197	-
Mutual funds	<u>490,520</u>	<u>505,093</u>	<u>14,573</u>
	<u>\$ 508,717</u>	<u>\$ 523,290</u>	<u>\$ 14,573</u>

Investment return is summarized as follows:

	<u>2017</u>	<u>2016</u>
<u>Operating investments</u>		
Interest and dividend income	\$ 2,674	\$ 2,510
Net realized gains	2,393	-
Net unrealized gains (losses)	<u>8,800</u>	<u>(2,184)</u>
	<u>13,867</u>	<u>326</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

4 INVESTMENTS (continued)

<u>Endowment investments</u>	<u>2017</u>	<u>2016</u>
Interest and dividend income	14,512	20,652
Net realized gains (losses)	3,924	(17,675)
Net unrealized gain (loss)	<u>545,714</u>	<u>13,463</u>
	<u>564,150</u>	<u>16,440</u>
 Total unrestricted investment gains (losses)	 <u>\$ 578,017</u>	 <u>\$ 16,766</u>

5 NOTES PAYABLE

Notes Payable consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Mortgage payable – Bank		
in the amount of \$630,369 dated March 2016, to be paid in 58 payments of \$6,550, including interest at 4.1%. The balance of the note is due in 2021, at which time the note will be refinanced.		
	<u>\$ 563,836</u>	<u>\$ 617,773</u>
Less Current maturities portion -		
Long-term Debt – less current maturities	<u>(55,483)</u>	<u>(54,016)</u>
	<u>\$ 508,353</u>	<u>\$ 563,757</u>

The building is pledged as collateral for the note.

Debt maturities at June 30, 2016 were:

2018	\$ 55,483	2020	60,126
2019	57,758	2021	<u>390,469</u>
		Total	<u>\$ 563,836</u>

6 RESTRICTED NET ASSETS

Permanently restricted net assets of \$700,337 are to be held in perpetuity. The earnings can be used towards operating expenses of the Organization.

7 EVALUATION OF SUBSEQUENT EVENTS

The organization has evaluated subsequent events through July 30, 2018, the date which the financial statements were available to be issued.