UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

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DBA: UCP HEARTLAND
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Cerebral Palsy Heartland
dba: UCP Heartland
St. Louis, Missouri

We have audited the accompanying financial statements of United Cerebral Palsy Heartland, dba: UCP Heartland (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, 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.

Auditors' 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 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.

Board of Directors
United Cerebral Palsy Heartland
dba: UCP Heartland

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy Heartland, dba: UCP Heartland, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
September 26, 2017

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 2,015,202	$ 70,000	$ 7,373	$ 2,092,575
Investments	7,932,926	1,030,632	1,935,177	10,898,735
Accounts Receivable, Net	1,377,792	-	-	1,377,792
Accrued Interest Receivable	30,770	-	-	30,770
Pledge Receivable	-	197,947	-	197,947
Prepaid Expenses and Other Assets	73,669	-	-	73,669
Total Current Assets	11,430,359	1,298,579	1,942,550	14,671,488
BENEFICIAL INTEREST IN TRUST	-	69,314	-	69,314
PROPERTY AND EQUIPMENT, NET	1,178,331	-	-	1,178,331
Total Assets	$ 12,608,690	$ 1,367,893	$ 1,942,550	$ 15,919,133
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 187,109	$ -	$ -	$ 187,109
Accrued Expenses	446,883	-	-	446,883
Total Current Liabilities	633,992	-	-	633,992
NET ASSETS	11,974,698	1,367,893	1,942,550	15,285,141
Total Liabilities and Net Assets	$ 12,608,690	$ 1,367,893	$ 1,942,550	$ 15,919,133

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 3,960,373	$ -	$ 7,370	$ 3,967,743
Investments	5,822,454	649,528	1,935,177	8,407,159
Accounts Receivable, Net	1,038,922	-	-	1,038,922
Accrued Interest Receivable	19,408	-	-	19,408
Pledge Receivable	-	220,834	-	220,834
Prepaid Expenses and Other Assets	29,327	-	-	29,327
Total Current Assets	10,870,484	870,362	1,942,547	13,683,393
BENEFICIAL INTEREST IN TRUST	-	65,841	-	65,841
PROPERTY AND EQUIPMENT, NET	1,076,231	-	-	1,076,231
Total Assets	$ 11,946,715	$ 936,203	$ 1,942,547	$ 14,825,465
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 77,928	$ -	$ -	$ 77,928
Accrued Expenses	247,680	-	-	247,680
Deferred Revenue	21,550	-	-	21,550
Total Current Liabilities	347,158	-	-	347,158
NET ASSETS	11,599,557	936,203	1,942,547	14,478,307
Total Liabilities and Net Assets	$ 11,946,715	$ 936,203	$ 1,942,547	$ 14,825,465

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Grants	$ 94,183	$ 70,000	$ -	$ 164,183
Program Service Fees	7,309,188	-	-	7,309,188
United Way	30	395,617	-	395,647
Contributions	516,806	-	-	516,806
Management Fees	21,090	-	-	21,090
Fundraising	229,131	-	-	229,131
Investment Income	470,105	381,104	3	851,212
Gain on Beneficial Interest in Trust	-	3,473	-	3,473
Miscellaneous Income	10,528	-	-	10,528
Net Assets Released from Restrictions	418,504	(418,504)	-	-
Total Public Support and Revenue	9,069,565	431,690	3	9,501,258
EXPENSES				
Program Services:				
Family Support	897,974	-	-	897,974
Adult Programs	2,759,467	-	-	2,759,467
Supported Employment	595,045	-	-	595,045
Residential Programs	2,000,194	-	-	2,000,194
Children's Services	701,895	-	-	701,895
Management Services	20,959	-	-	20,959
Supporting Services:				
Management and General	1,336,014	-	-	1,336,014
Fundraising	382,876	-	-	382,876
Total Expenses	8,694,424	-	-	8,694,424
CHANGE IN NET ASSETS	375,141	431,690	3	806,834
Net Assets - Beginning of Year	11,599,557	936,203	1,942,547	14,478,307
NET ASSETS - END OF YEAR	$ 11,974,698	$ 1,367,893	$ 1,942,550	$ 15,285,141

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Grants	$ 121,505	$ -	$ -	$ 121,505
Program Service Fees	5,815,387	-	-	5,815,387
United Way	-	442,775	-	442,775
Contributions	609,433	-	-	609,433
Management Fees	42,179	-	-	42,179
Fundraising	234,933	-	23,700	258,633
Investment Income	(28,346)	(75,040)	4	(103,382)
Loss on Beneficial Interest in Trust	-	(2,180)	-	(2,180)
Miscellaneous Income	9,718	-	-	9,718
Net Assets Released from Restrictions	501,099	(501,099)	-	-
Total Public Support and Revenue	7,305,908	(135,544)	23,704	7,194,068
EXPENSES				
Program Services:				
Family Support	814,222	-	-	814,222
Therapies	142,741	-	-	142,741
Adult Programs	2,253,314	-	-	2,253,314
Supported Employment	604,586	-	-	604,586
Residential Programs	1,766,402	-	-	1,766,402
Children's Services	798,085	-	-	798,085
Management Services	56,196	-	-	56,196
Supporting Services:				
Management and General	1,017,112	-	-	1,017,112
Fundraising	326,238	-	-	326,238
Total Expenses	7,778,896	-	-	7,778,896
CHANGE IN NET ASSETS	(472,988)	(135,544)	23,704	(584,828)
Net Assets - Beginning of Year	12,072,545	1,071,747	1,918,843	15,063,135
NET ASSETS - END OF YEAR	$ 11,599,557	$ 936,203	$ 1,942,547	$ 14,478,307

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services			
	Family Support	Adult Programs	Supported Employment	Residential Programs
Salaries and Related Expenses	$ 406,525	$ 2,032,174	$ 493,060	$ 1,822,353
Professional Services	2,269	23,884	5,348	6,505
Business Services	50	573	-	378
Supplies/Client Assistance	420,099	104,319	4,428	8,883
Communications	6,119	5,553	3,984	3,487
Postage and Shipping	1,388	116	165	157
Printing and Photographic	466	-	431	73
Conferences and Training	2,959	10,094	2,827	5,661
Recruiting	671	1,927	208	877
Local Transportation and Mileage	1,597	11,065	24,605	21,308
Occupancy	25,554	351,374	26,538	10,911
Insurance	7,175	18,383	-	1,194
Equipment	5,734	136,486	28,427	45,076
Dues	40	8,937	2,026	2,241
Transportation	3,384	13,609	1,865	3,337
Miscellaneous	247	3,079	122	67,352
Total Expenses Before Depreciation	884,277	2,721,573	594,034	1,999,793
Depreciation	13,697	37,894	1,011	401
Total Expenses Before Allocation of Management and General	897,974	2,759,467	595,045	2,000,194
Allocation of Management and General	154,477	623,298	93,795	362,482
Total Expenses	$ 1,052,451	$ 3,382,765	$ 688,840	$ 2,362,676

See accompanying Notes to Financial Statements.

Program Services			Supporting Services				
Children's Services	Management Services	Total Program Services	Management and General	Allocated Occupancy	Fundraising	Total Supporting Services	Total
$ 536,425	$ 20,959	$ 5,311,496	$ 710,428	$ 54,313	$ 174,936	$ 939,677	$ 6,251,173
1,890	-	39,896	107,500	38	20,133	127,671	167,567
158	-	1,159	118,983	20	3,821	122,824	123,983
60,650	-	598,379	24,042	9,945	1,456	35,443	633,822
4,635	-	23,778	14,705	11,288	2,717	28,710	52,488
190	-	2,016	3,871	-	7,875	11,746	13,762
425	-	1,395	4,207	36	11,490	15,733	17,128
1,511	-	23,052	39,856	3,322	1,460	44,638	67,690
-	-	3,683	612	-	10,776	11,388	15,071
9,556	-	68,131	7,631	229	2,129	9,989	78,120
38,220	-	452,597	75,233	(159,916)	56,818	(27,865)	424,732
7,915	-	34,667	17,105	38,798	2,504	58,407	93,074
2,963	-	218,686	121,472	7,903	17,164	146,539	365,225
1,077	-	14,321	55,703	-	254	55,957	70,278
123	-	22,318	-	868	-	868	23,186
2,562	-	73,362	24,343	427	69,111	93,881	167,243
668,300	20,959	6,888,936	1,325,691	(32,729)	382,644	1,675,606	8,564,542
33,595	-	86,598	10,323	32,729	232	43,284	129,882
701,895	20,959	6,975,534	1,336,014	-	382,876	1,718,890	8,694,424
100,392	-	1,334,444	(1,336,014)	-	1,570	(1,334,444)	-
$ 802,287	$ 20,959	$ 8,309,978	$ -	$ -	$ 384,446	$ 384,446	$ 8,694,424

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services				
	Family Support	Therapies	Adult Programs	Supported Employment	Residential Programs
Salaries and Related Expenses	$ 332,614	$ 127,590	$ 1,749,987	$ 538,629	$ 1,698,393
Professional Services	2,883	883	18,237	5,355	6,240
Business Services	52	-	260	-	253
Supplies/Client Assistance	407,420	127	58,553	2,932	16,233
Communications	5,645	-	5,377	4,595	3,844
Postage and Shipping	1,361	-	123	354	137
Printing and Photographic	48	-	167	23	170
Conferences and Training	2,169	234	6,731	3,872	17,596
Recruiting	333	-	1,876	133	333
Local Transportation and Mileage	2,105	12	3,372	21,270	11,994
Occupancy	32,515	13,381	329,210	24,468	7,310
Insurance	6,565	-	14,823	-	-
Equipment	-	-	4,522	-	970
Dues	20	-	230	133	-
Transportation	5,377	-	14,288	24	1,678
Miscellaneous	274	-	5,130	325	35
Total Expenses Before Depreciation	799,381	142,227	2,212,886	602,113	1,765,186
Depreciation	14,841	514	40,428	2,473	1,216
Total Expenses Before Allocation of Management and General	814,222	142,741	2,253,314	604,586	1,766,402
Allocation of Management and General	151,051	27,643	446,309	119,338	345,102
Total Expenses	$ 965,273	$ 170,384	$ 2,699,623	$ 723,924	$ 2,111,504

See accompanying Notes to Financial Statements.

Program Services			Supporting Services				
Children's Services	Management Services	Total Program Services	Management and General	Allocated Occupancy	Fundraising	Total Supporting Services	Total
$ 624,275	$ 56,196	$ 5,127,684	$ 624,999	$ 57,633	$ 165,360	$ 847,992	$ 5,975,676
3,263	-	36,861	50,685	441	9,485	60,611	97,472
60	-	625	96,929	-	2,753	99,682	100,307
49,228	-	534,493	12,325	11,296	1,681	25,302	559,795
8,356	-	27,817	11,972	9,184	2,536	23,692	51,509
600	-	2,575	2,995	4	14,053	17,052	19,627
200	-	608	1,246	-	1,348	2,594	3,202
872	-	31,474	5,121	105	392	5,618	37,092
-	-	2,675	200	-	392	592	3,267
11,940	-	50,693	5,410	-	1,366	6,776	57,469
51,140	-	458,024	66,262	(173,442)	58,922	(48,258)	409,766
9,081	-	30,469	27,205	37,865	2,382	67,452	97,921
4,701	-	10,193	5,535	1,620	198	7,353	17,546
1,454	-	1,837	41,634	-	13	41,647	43,484
1,067	-	22,434	127	2,254	-	2,381	24,815
1,784	-	7,548	46,264	212	65,036	111,512	119,060
768,021	56,196	6,346,010	998,909	(52,828)	325,917	1,271,998	7,618,008
30,064	-	89,536	18,203	52,828	321	71,352	160,888
798,085	56,196	6,435,546	1,017,112	-	326,238	1,343,350	7,778,896
154,748	-	1,244,191	(1,017,112)	-	(227,079)	(1,244,191)	-
$ 952,833	$ 56,196	$ 7,679,737	$ -	$ -	$ 99,159	$ 99,159	$ 7,778,896

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Change in Net Assets	$ 806,834	$ (584,828)
Adjustments to Reconcile Net Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	129,882	160,888
Net Realized and Unrealized (Gains) Losses on Investments	(624,553)	312,755
(Gain) Loss on Beneficial Interest in Trust	(3,473)	2,180
(Increase) Decrease in Assets:		
Accounts Receivable	(338,870)	(32,332)
Accrued Interest Receivable	(11,362)	(605)
Pledge Receivable	22,887	23,858
Prepaid Expenses and Other Assets	(44,342)	1,039
Increase (Decrease) in Liabilities:		
Accounts Payable	109,181	34,772
Accrued Expenses	199,203	(286,517)
Contract Reserves	-	(42,416)
Deferred Revenue	(21,550)	4,532
Net Cash Provided (Used) by Operating Activities	223,837	(406,674)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	1,204,095	1,129,095
Purchases of Investments, Including Reinvested Income	(3,071,118)	(1,338,726)
Purchases of Property and Equipment	(231,982)	(43,093)
Net Cash Used by Investing Activities	(2,099,005)	(252,724)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,875,168)	(659,398)
Cash and Cash Equivalents - Beginning of Year	3,967,743	4,627,141
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,092,575	$ 3,967,743

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Cerebral Palsy Heartland dba: UCP Heartland is a nonprofit organization whose mission is to provide the highest quality of programs, services, and support while advancing the independence, productivity, and full citizenship of individuals with disabilities.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 support, revenues and expenses during the reporting period including grant and contract revenues subject to review by applicable funding agencies. Accordingly, actual results could differ from those estimates.

Basis of Presentation

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

Unrestricted – Resources not subject to donor-imposed stipulations.

Temporarily Restricted – Resources subject to donor-imposed stipulations that may be met by actions of the Organization and/or the passage of time.

Permanently Restricted – Resources subject to donor-imposed stipulations requiring 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 specific purposes.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, cash and cash equivalents include unrestricted demand deposits, money market funds, and certificates of deposit, which are readily convertible to cash and are stated at cost, which approximates fair value. Short-term cash equivalents that are managed as part of long-term investment strategies are included with investments.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from state and local agencies, various funding organizations, and individuals. Accounts receivable greater than 90 days outstanding are considered delinquent. The Organization's allowance for doubtful accounts totaled $45,541 and $33,602 at June 30, 2017 and 2016, respectively.

Pledges Receivable

The Organization receives pledges from organizations and individuals in the form of grants and contributions. Pledges, including unconditional promises to give cash and other assets to the Organization in the future, are recognized as revenue at fair value in the period received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same year as received are reported as unrestricted contributions in the accompanying financial statements. Gifts with donor stipulations that the corpus be maintained in perpetuity are recorded as permanently restricted net assets. Unconditional promises to give in subsequent years are reflected as pledges receivable and are recorded at the present value of the expected future cash flows. The pledge receivable at June 30, 2017 and 2016 consists of $197,947 and $220,834, respectively, due from United Way for calendar years 2017 and 2016 support.

Investments

Investments are recorded in accordance with *Accounting for Certain Investments Held by Not-for-Profit Organizations*. As such, investments in marketable securities with readily determinable fair values are reported at fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $5,000. 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the useful life or remaining lease terms.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists primarily of fees received for fundraising events and camping programs that will take place in the next fiscal year. The deferred revenue will be recognized as revenue when the corresponding activities take place.

Beneficial Interest in Trust

The Organization is a recipient in a charitable remainder trust. The gift was recorded as an asset and revenue at the time of receipt based on the lower of the present value of the future cash flows or the vested interest in the underlying assets. The asset is classified as temporarily restricted based on a donor-imposed time restriction. Upon the termination of the trust, the Organization will receive a percentage of the assets remaining in the trust. Changes in net assets of the trust are recorded as gains or losses (change in value of the trust) in the statement of activities. Net assets and changes in the net assets are recorded as temporarily restricted.

Donated Materials and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair value at the date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions as the assets depreciate.

The Organization records the value of donated services when there is an objective basis available to measure the donation's value. In addition, many individuals' volunteer time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services.

Contract Reserves

The Organization periodically receives contractual revenue in excess of actual costs incurred. Any excess greater than a predetermined percentage is reserved for seven years, in the event that subsequent collections of the difference occur.

Functional Expenses

The Organization allocates its expenses on a functional basis to its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are primarily allocated based on various statistical bases and management estimates.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Organization has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Following is a description of the valuation methodologies used for assets measured at fair value.

Debt Securities – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds – Valued at the closing price reported on the active market on which the individual funds are traded.

Beneficial Interest in Trusts – Valued at the NAV of shares held by the trust at year-end.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 different fair value measurements at the reporting date.

The Organization has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value at June 30, 2017 and 2016. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Tax Status

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and, therefore, is exempt from both federal and state income taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Uncertain Tax Positions

The Organization is tax exempt under section 501(c)(3) of the Internal Revenue Code. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 26, 2017, the date the financial statements were available to be issued.

Description of Programs

The accompanying financial statements include the following program services and supporting activities:

Family Support – This program provides both facility-based as well as in-home respite and emergency residential services for children and adults when families need a break or are in crisis.

Therapies – This program provides physical, occupational, and speech therapy to individuals with significant disabilities. As of June 30, 2016, this program is no longer provided directly, it is provided through the use of subcontractors.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Adult Programs – Provides educational and training programs, as well as health, social, and support services to adults with various types of disabilities.

Supported Employment – Provides employment opportunities to individuals with disabilities, with support from Organization staff.

Residential Programs – Provides various levels of support to allow individuals with disabilities to live in the housing and community of their choice, with the person(s) of their choice.

Children's Services – Provides development centers that bring early care and education to families, as well as early intervention assessment and car seat loan programs

Management Services – Provides administrative and management services to other nonprofit organizations with similar goals and service offerings.

Management and General – Includes the functions necessary to manage the program services.

Fundraising – Provides the developmental support necessary to promote and acquire financial support from individuals, organizations, and corporations.

NOTE 2 CONCENTRATIONS OF CREDIT RISK, MARKET RISK, AND REVENUES

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. The majority of the Company's operating cash is maintained at First Bank. The banks provide maximum protection of $250,000 for bank accounts under regulations issued by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2017, deposits in excess of federally insured limits totaled $989,302.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The Organization's major programs are dependent upon funds being received from United Way, the Missouri Department of Mental Health, and the St. Louis County Productive Living Board. These funding sources accounted for approximately 71% and 74% of the Organization's total public support and revenue for the years ended June 30, 2017 and 2016, respectively. A significant reduction in these funds would have a material effect on the Organization's financial position.

NOTE 3 COMMITMENTS AND CONTINGENCIES

From time to time, the Organization may have various lawsuits pending. In the opinion of management after consultation with legal counsel, resolution of these matters is not expected to have a material adverse effect on the accompanying financial statements.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2017	2016
Land and Buildings	$ 3,037,588	$ 3,037,588
Leasehold Improvements	201,427	201,427
Construction in Progress	25,000	-
Equipment	1,075,534	1,036,941
Furniture and Fixtures	302,163	302,115
Vehicles	390,189	255,937
Property and Equipment, at Cost	5,031,901	4,834,008
Accumulated Depreciation	(3,853,570)	(3,757,777)
Property and Equipment, Net	$ 1,178,331	$ 1,076,231

Depreciation expense was $129,882 and $160,888 for the years ended June 30, 2017 and 2016, respectively.

NOTE 5 BENEFICIAL INTEREST IN TRUST

The Organization has a 10% interest in the Robert B. Kahn Trust totaling $693,138 and $658,414 at June 30, 2017 and 2016, respectively. The Organization receives 10% of the income. The corpus of the trust is restricted until April 2023, at which time the trust estate will terminate and the Organization will receive 10% of the corpus and any accumulated income. At June 30, 2017 and 2016, the fair values of the underlying assets held in the trust, which is administered by a bank, are as follows:

	2017	2016
Fixed Income Securities	$ 174,892	$ 146,352
Alternative Investments	25,572	34,893
Cash Equivalents	14,338	8,121
Equities	478,336	469,048
	693,138	658,414
Organization's Interest	10%	10%
Total	$ 69,314	$ 65,841

NOTE 5 BENEFICIAL INTEREST IN TRUST (CONTINUED)

The activity in the beneficial interest in trust for the years ended June 30, 2017 and 2016 is as follows:

	2017	2016
Net Unrealized Losses	$ 3,473	$ (2,180)
Trust Income Distributed to Organization	$ -	$ -

NOTE 6 INVESTMENTS

Cash equivalents and certificates of deposit are carried at cost, which approximates market. Mutual funds and fixed income securities are recorded at fair value. Investments consist of the following at June 30:

	2017	2016
Cash Equivalents	$ 46,814	$ 42,693
Mutual Funds	5,807,489	4,821,363
Certificates of Deposit	603,332	638,065
Bonds	4,441,100	2,905,038
Total	$ 10,898,735	$ 8,407,159

Investment return for the years ended June 30, 2017 and 2016 is summarized as follows:

	2017	2016
Interest, Dividends	$ 281,094	$ 261,572
Expense	(54,435)	(52,199)
Realized and Unrealized Investment Gains (Losses), Net	624,553	(312,755)
Total	$ 851,212	$ (103,382)

NOTE 7 NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	2017	2016
Purpose Restrictions:		
Appropriation of Endowment Earnings	$ 1,030,632	$ 649,528
Technology Improvements	70,000	-
Time Restrictions:		
United Way	197,947	220,834
Robert B. Kahn Trust	69,314	65,841
Total Temporarily Restricted Net Assets	$ 1,367,893	$ 936,203

Permanently restricted net assets are available for the following purposes at June 30:

	2017	2016
Permanent Endowment	$ 519,672	$ 519,672
Wolff Permanent Endowment	1,415,505	1,415,505
Cash - Jackman Fund	7,373	7,370
Total Permanently Restricted Net Assets	$ 1,942,550	$ 1,942,547

NOTE 8 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities refer to Note 1 – Organization and Summary of Significant Accounting Policies.

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30:

	2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:	$ 5,807,489	$ -	$ -	$ 5,807,489
Bonds	4,441,100	-	-	4,441,100
Beneficial Interest in Trusts	-	-	69,314	69,314
Total	$ 10,248,589	$ -	$ 69,314	$ 10,317,903

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:	$ 4,821,363	$ -	$ -	$ 4,821,363
Bonds	2,905,038	-	-	2,905,038
Beneficial Interest in Trusts	-	-	65,841	65,841
Total	$ 7,726,401	$ -	$ 65,841	$ 7,792,242

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2017 and 2016:

	Beneficial Interest in Trust
Balance - July 1, 2015	$ 68,021
Change in Value of Trust	(2,180)
Balance - June 30, 2016	65,841
Change in Value of Trust	3,473
Balance - June 30, 2017	$ 69,314

NOTE 9 ENDOWMENT

The Organization's endowment funds were established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Endowment Committee to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Endowment Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Endowment Committee 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 Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the 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 temporarily restricted net assets.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

The endowment net asset composition by type of fund is as follows at June 30:

2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 1,030,632	$ 1,935,177	$ 2,965,809
Board-Designated Endowment Funds	2,321,611	-	-	2,321,611
Total Funds	$ 2,321,611	$ 1,030,632	$ 1,935,177	$ 5,287,420

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 649,528	$ 1,935,177	$ 2,584,705
Board-Designated Endowment Funds	2,023,286	-	-	2,023,286
Total Funds	$ 2,023,286	$ 649,528	$ 1,935,177	$ 4,607,991

NOTE 9 ENDOWMENT (CONTINUED)

Changes to endowment net assets are as follows for the years ended June 30, 2017 and 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - July 1, 2015	$ 2,082,571	$ 724,568	$ 1,911,477	$ 4,718,616
Investment Return:				
Investment Income	66,216	84,195	-	150,411
Net Depreciation (Realized and Unrealized)	(125,501)	(159,235)	-	(284,736)
Total Investment Return	(59,285)	(75,040)	-	(134,325)
Contributions	-	-	23,700	23,700
Releases	-	-	-	-
Endowment Net Assets - June 30, 2016	2,023,286	649,528	1,935,177	4,607,991
Investment Return:				
Investment Income	57,173	73,037	-	130,210
Net Appreciation (Realized and Unrealized)	241,152	308,067	-	549,219
Total Investment Return	298,325	381,104	-	679,429
Contributions	-	-	-	-
Releases	-	-	-	-
Endowment Net Assets - June 30, 2017	$ 2,321,611	$ 1,030,632	$ 1,935,177	$ 5,287,420

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as unrestricted net assets. The Organization did not have any such deficiencies at June 30, 2017 and 2016.

The Organization has adopted investment and spending policies for endowment assets that attempt to achieve the maximum total rate of return consistent with the tolerance for risk determined by the Endowment Committee, while maintaining a funded status that provides appropriate long-term stability and support to the Organization consistent with the purpose of the endowment fund. Under this policy, the endowment assets may be invested in a combination of equities, fixed income securities, and real estate, subject to limitations determined by the Endowment Committee.

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

NOTE 9 ENDOWMENT (CONTINUED)

The Endowment Committee has determined that only the endowment fund income may be distributed. On a semiannual basis, the Endowment Committee determines the amount of a distribution, if any, as well as the amount of any undistributed income that will be retained and distributed at a later date, or added to the contribution base of the endowment fund.

NOTE 10 OPERATING LEASES

The Organization rents office space and certain office equipment under operating lease arrangements that expire at various dates through March 2022. Certain of the office leases contain renewal options. Leases that include escalating lease payments are recorded on a straight-line basis over the term of the lease. Accrued expenses included deferred rent on these leases of $-0- and $26,357 at June 30, 2017 and 2016, respectively. Other lease payments are charged to rent expense as incurred. Rent expense totaled $206,737 and $227,328 for the years ended June 30, 2017 and 2016, respectively.

Future minimum lease payments at June 30, 2017 are as follows:

Year Ending June 30,	Amount
2018	$ 47,379
2019	45,983
2020	45,173
2021	36,263
2022	27,198
Total	$ 201,996

NOTE 11 EMPLOYEE BENEFIT PLANS

The Organization has a 403(b) retirement plan covering substantially all of its employees. The employees may defer compensation up to the maximum percentage allowed by Internal Revenue Service (IRS) guidelines. Employees are eligible to defer immediately, and are eligible to receive employer contributions if they are at least 18 years of age, work an average of 20 hours per week or more, and have completed one year of service. Vesting in the employer's discretionary contribution portion of their accounts plus earnings thereon is based on years of continuous service. A participant is fully vested after five years of credited service or upon attaining retirement age, death, or disability. Retirement plan expense for the years ended June 30, 2017 and 2016 was $199,500 and $229,340, respectively.