UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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DBA: UCP HEARTLAND
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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, 2016 and 2015, 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, 2016 and 2015, 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
October 26, 2016

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 FINANCIAL POSITION
JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 4,598,135	$ 21,640	$ 7,366	$ 4,627,141
Investments	5,874,238	724,568	1,911,477	8,510,283
Accounts Receivable, net	1,006,590	-	-	1,006,590
Accrued Interest Receivable	18,803	-	-	18,803
Pledge Receivable	-	244,692	-	244,692
Prepaid Expenses and Other Assets	30,366	-	-	30,366
Total Current Assets	11,528,132	990,900	1,918,843	14,437,875
BENEFICIAL INTEREST IN TRUST	-	68,021	-	68,021
PROPERTY AND EQUIPMENT, net	1,181,200	12,826	-	1,194,026
Total Assets	$ 12,709,332	$ 1,071,747	$ 1,918,843	$ 15,699,922
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 43,156	$ -	$ -	$ 43,156
Accrued Expenses	534,197	-	-	534,197
Contract Reserves	42,416	-	-	42,416
Deferred Revenue	17,018	-	-	17,018
Total Current Liabilities	636,787	-	-	636,787
NET ASSETS	12,072,545	1,071,747	1,918,843	15,063,135
Total Liabilities and Net Assets	$ 12,709,332	$ 1,071,747	$ 1,918,843	$ 15,699,922

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 ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Grants	$ 230,809	$ 21,640	$ -	$ 252,449
Program Service Fees	5,569,964	-	-	5,569,964
United Way	-	692,088	-	692,088
Less: Amounts Designated by United Way to Childgarden Development Center	-	(181,727)	-	(181,727)
Contributions	608,635	-	50,238	658,873
Management Fees	69,598	-	-	69,598
Fundraising	274,370	-	24,911	299,281
Investment Income	71,484	3,501	3	74,988
Loss on Beneficial Interest in Trust	-	(1,514)	-	(1,514)
Miscellaneous Income	433,014	-	-	433,014
Net Assets Released from Restrictions	555,149	(639,299)	84,150	-
Total Public Support and Revenue	7,813,023	(105,311)	159,302	7,867,014
EXPENSES				
Program Services:				
Family Support	822,103	-	-	822,103
Therapies	179,028	-	-	179,028
Adult Programs	2,256,634	-	-	2,256,634
Supported Employment	561,620	-	-	561,620
Residential Programs	1,532,365	-	-	1,532,365
Children's Services	799,280	-	-	799,280
Management Services	85,046	-	-	85,046
Supporting Services:				
Management and General	982,063	-	-	982,063
Fundraising	307,398	-	-	307,398
Total Expenses	7,525,537	-	-	7,525,537
CHANGE IN NET ASSETS	287,486	(105,311)	159,302	341,477
Net Assets - Beginning of Year	11,785,059	1,177,058	1,759,541	14,721,658
NET ASSETS - END OF YEAR	$ 12,072,545	$ 1,071,747	$ 1,918,843	$ 15,063,135

See accompanying Notes to Financial Statements.

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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services				
	Family Support	Therapies	Adult Programs	Supported Employment	Residential Programs
Salaries and Related Expenses	$ 328,272	$ 158,313	$ 1,716,993	$ 492,585	$ 1,468,189
Professional Services	3,188	1,131	19,945	5,893	7,099
Business Services	20	-	150	20	40
Supplies/Client Assistance	413,828	189	72,825	4,853	11,613
Communications	6,194	-	5,087	4,729	3,129
Postage and Shipping	1,812	-	255	517	171
Printing and Photographic	249	-	319	272	89
Conferences and Training	2,387	267	7,470	3,655	15,264
Recruiting	441	-	1,765	144	1,006
Local Transportation and Mileage	3,003	-	2,850	18,597	13,452
Occupancy	37,692	18,545	346,165	24,987	7,744
Insurance	5,409	-	4,379	-	-
Equipment	133	-	3,258	2,119	710
Dues	40	-	405	775	65
Transportation	3,632	-	31,633	(138)	2,378
Interest and Deficit Funding	-	-	-	-	-
Miscellaneous	350	-	225	48	33
Total Expenses Before Depreciation	806,650	178,445	2,213,724	559,056	1,530,982
Depreciation	15,453	583	42,910	2,564	1,383
Total Expenses Before Allocation of Management and General	822,103	179,028	2,256,634	561,620	1,532,365
Allocation of Management and General	152,621	35,138	444,269	103,013	305,626
Total Expenses	$ 974,724	$ 214,166	$ 2,700,903	$ 664,633	$ 1,837,991

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
$ 607,622	$ 77,456	$ 4,849,430	$ 597,128	$ 55,211	$ 150,546	$ 802,885	$ 5,652,315
3,697	7,590	48,543	53,618	775	5,417	59,810	108,353
72	-	302	36,333	-	2,268	38,601	38,903
56,778	-	560,086	10,276	15,261	1,531	27,068	587,154
7,362	-	26,501	12,440	8,777	2,487	23,704	50,205
668	-	3,423	2,730	217	14,467	17,414	20,837
616	-	1,545	2,191	50	1,820	4,061	5,606
2,488	-	31,531	2,895	-	180	3,075	34,606
520	-	3,876	494	-	-	494	4,370
11,038	-	48,940	4,398	-	2,014	6,412	55,352
57,997	-	493,130	64,016	(171,185)	57,441	(49,728)	443,402
6,759	-	16,547	19,902	37,313	2,586	59,801	76,348
4,744	-	10,964	7,424	862	-	8,286	19,250
2,000	-	3,285	51,995	-	-	51,995	55,280
5,037	-	42,542	-	2,456	-	2,456	44,998
-	-	-	-	-	-	-	-
354	-	1,010	97,337	50	66,271	163,658	164,668
767,752	85,046	6,141,655	963,177	(50,213)	307,028	1,219,992	7,361,647
31,528	-	94,421	18,886	50,213	370	69,469	163,890
799,280	85,046	6,236,076	982,063	-	307,398	1,289,461	7,525,537
158,854	-	1,199,521	(982,063)	-	(217,458)	(1,199,521)	-
$ 958,134	$ 85,046	$ 7,435,597	$ -	$ -	$ 89,940	$ 89,940	$ 7,525,537

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Change in Net Assets	$ (584,828)	$ 341,477
Adjustments to Reconcile Net Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	160,888	163,890
Net Realized and Unrealized Losses on Investments	312,755	191,612
Loss on Beneficial Interest in Trust	2,180	1,514
(Increase) Decrease in Assets:		
Accounts Receivable	(32,332)	74,108
Accrued Interest Receivable	(605)	6,495
Pledge Receivable	23,858	27,313
Prepaid Expenses and Other Assets	1,039	(15,625)
Increase (Decrease) in Liabilities:		
Accounts Payable	34,772	(21,673)
Accrued Expenses	(286,517)	222,531
Contract Reserves	(42,416)	-
Deferred Revenue	4,532	10,868
Net Cash Provided (Used) by Operating Activities	(406,674)	1,002,510
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	1,129,095	969,088
Purchases of Investments, Including Reinvested Income	(1,338,726)	(1,399,320)
Purchases of Property and Equipment	(43,093)	(21,774)
Net Cash Used by Investing Activities	(252,724)	(452,006)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	-	(1,563)
Net Cash Used by Financing Activities	-	(1,563)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(659,398)	548,941
Cash and Cash Equivalents - Beginning of Year	4,627,141	4,078,200
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,967,743	$ 4,627,141

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 not-for-profit 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, Canterbury Enterprises, and individuals. Accounts receivable greater than 90 days outstanding are considered delinquent. The Organization's allowance for doubtful accounts totaled $33,602 and $90,679 at June 30, 2016 and 2015, 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, 2016 and 2015 consists of $220,834 and $244,692, respectively, due from United Way for calendar years 2016 and 2015 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 $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. 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, 2016 and 2015. 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 October 26, 2016, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 presentation. These reclassifications had no effect on the change in net assets or ending net asset balances.

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 – Provides physical, occupational, and speech therapy to individuals with significant disabilities.

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 non-profit 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, 2016, deposits in excess of federally insured limits totaled $1,215,087.

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 74% and 66% of the Organization's total public support and revenue for the years ended June 30, 2016 and 2015, 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:

	2016	2015
Land and Buildings	$ 3,037,588	$ 3,037,588
Leasehold Improvements	201,427	201,427
Equipment	1,036,941	1,008,812
Furniture and Fixtures	302,115	286,607
Vehicles	255,937	326,363
Property and Equipment, at cost	4,834,008	4,860,797
Accumulated Depreciation	(3,757,777)	(3,666,771)
Property and Equipment, net	$ 1,076,231	$ 1,194,026

Depreciation expense was $160,888 and $163,890 for the years ended June 30, 2016 and 2015, respectively.

NOTE 5 BENEFICIAL INTEREST IN TRUST

The Organization has a 10% interest in the Robert B. Kahn Trust totaling $658,414 and $680,209 at June 30, 2016 and 2015, 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, 2016 and 2015, the fair values of the underlying assets held in the trust, which is administered by a bank, are as follows:

	2016	2015
Fixed Income Securities	$ 146,352	$ 144,732
Alternative Investments	34,893	36,756
Cash Equivalents	8,121	16,279
Equities	469,048	482,442
	658,414	680,209
Organization's Interest	10%	10%
	$ 65,841	$ 68,021

NOTE 5 BENEFICIAL INTEREST IN TRUST (CONTINUED)

The activity in the beneficial interest in trust for the years ended June 30, 2016 and 2015, is as follows:

	2016	2015
Net Unrealized Losses	$ (2,180)	$ (1,514)
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:

	2016	2015
Cash Equivalents	$ 42,693	$ 43,223
Mutual Funds:		
Large Value	429,081	477,086
Large Growth	226,141	288,176
Large Blend	97,453	95,328
Mid-cap Blend	58,417	964,359
Mid-cap Value	56,928	59,977
Mid-cap Growth	126,391	74,725
Small Value	525,791	749,769
Small Blend	373,014	61,326
Small Growth	229,266	40,467
Foreign Large Blend	33,656	127,677
Foreign Large Value	33,636	608,131
Foreign Small/Mid Value	333,058	431,377
Global Real Estate	62,094	182,257
Other	909,578	2,978
Real Estate	55,418	258,212
World Stock	504,273	64,540
Diversified Emerging Markets	3,443	460,802
Commodities	763,725	28,556
Total Mutual Funds	4,821,363	4,975,743
Certificates of Deposit	638,065	593,242
Fixed Income Securities:		
AAA	1,581,789	1,530,650
AA+	343,250	446,957
AA-	87,407	112,588
A+	321,399	351,678
A	350,278	456,202
A-	67,858	-
BBB+	153,057	-
Total Bonds	2,905,038	2,898,075
	$ 8,407,159	$ 8,510,283

NOTE 6 INVESTMENTS (CONTINUED)

Investment return for the years ended June 30, 2016 and 2015, is summarized as follows:

	2016	2015
Interest, Dividends	$ 254,043	$ 306,797
Expense	(52,199)	(52,526)
Distributions from Trusts and Other	123,666	129,347
Realized and Unrealized Investment Losses, net	(312,755)	(191,612)
	$ 12,755	$ 192,006

NOTE 7 NET ASSETS

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

	2016	2015
Purpose Restrictions:		
Leasehold Improvements - Jefferson City	$ -	$ 12,826
Appropriation of Endowment Earnings	649,528	724,568
Adult Day Program	-	5,000
Technology Improvements	-	6,640
Other Specific Purposes	-	10,000
Time Restrictions:		
United Way	220,834	244,692
Robert B. Kahn Trust	65,841	68,021
Total Temporarily Restricted Net Assets	$ 936,203	$ 1,071,747

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

	2016	2015
Permanent Endowment	$ 519,672	$ 495,972
Wolff Permanent Endowment	1,415,505	1,415,505
Cash - Jackman Fund	7,370	7,366
Total Permanently Restricted Net Assets	$ 1,942,547	$ 1,918,843

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.

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:

	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Large Value	$ 429,081	$ -	$ -	$ 429,081
Large Growth	226,141	-	-	226,141
Large Blend	97,453	-	-	97,453
Mid-cap Blend	909,578	-	-	909,578
Mid-cap Value	62,094	-	-	62,094
Mid-cap Growth	56,928	-	-	56,928
Small Value	763,725	-	-	763,725
Small Blend	58,417	-	-	58,417
Small Growth	33,656	-	-	33,656
Foreign Large Blend	126,391	-	-	126,391
Foreign Large Value	525,791	-	-	525,791
Foreign Small/Mid Value	373,014	-	-	373,014
Global Real Estate	229,266	-	-	229,266
Other	3,443	-	-	3,443
Real Estate	333,058	-	-	333,058
World Stock	55,418	-	-	55,418
Diversified Emerging Markets	504,273	-	-	504,273
Commodities	33,636	-	-	33,636
Total Mutual Funds	4,821,363	-	-	4,821,363
Bonds:				
AAA	1,581,789	-	-	1,581,789
AA+	343,250	-	-	343,250
AA-	87,407	-	-	87,407
A+	321,399	-	-	321,399
A	350,278	-	-	350,278
A-	67,858	-	-	67,858
BBB+	153,057	-	-	153,057
Total Bonds	2,905,038	-	-	2,905,038
Beneficial Interest in Trusts	-	-	65,841	65,841
	$ 7,726,401	$ -	$ 65,841	$ 7,792,242

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

	2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds:				
Large Value	$ 477,086	$ -	$ -	$ 477,086
Large Growth	288,176	-	-	288,176
Large Blend	95,328	-	-	95,328
Mid-cap Blend	964,359	-	-	964,359
Mid-cap Value	59,977	-	-	59,977
Mid-cap Growth	74,725	-	-	74,725
Small Value	749,769	-	-	749,769
Small Blend	61,326	-	-	61,326
Small Growth	40,467	-	-	40,467
Foreign Large Blend	127,677	-	-	127,677
Foreign Large Value	608,131	-	-	608,131
Foreign Small/Mid Value	431,377	-	-	431,377
Global Real Estate	182,257	-	-	182,257
Other	2,978	-	-	2,978
Real Estate	258,212	-	-	258,212
World Stock	64,540	-	-	64,540
Diversified Emerging Markets	460,802	-	-	460,802
Commodities	28,556	-	-	28,556
Total Mutual Funds	4,975,743	-	-	4,975,743
Bonds:				
AAA	1,530,650	-	-	1,530,650
AA+	446,957	-	-	446,957
AA-	112,588	-	-	112,588
A+	351,678	-	-	351,678
A	456,202	-	-	456,202
Total Bonds	2,898,075	-	-	2,898,075
Beneficial Interest in Trusts	-	-	68,021	68,021
	$ 7,873,818	$ -	$ 68,021	$ 7,941,839

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, 2016 and 2015:

	Beneficial Interest in Trust
Balance as of July 1, 2014	$ 69,535
Change in Value of Trust	(1,514)
Balance as of June 30, 2015	68,021
Change in Value of Trust	(2,180)
Balance as of June 30, 2016	$ 65,841

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:

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

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 724,568	$ 1,911,477	$ 2,636,045
Board-Designated Endowment Funds	2,082,571	-	-	2,082,571
Total Funds	$ 2,082,571	$ 724,568	$ 1,911,477	$ 4,718,616

NOTE 9 ENDOWMENT (CONTINUED)

Changes to endowment net assets are as follows for the years ended June 30, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - July 1, 2014	$ 2,071,292	$ 805,217	$ 1,751,639	$ 4,628,148
Investment Return:				
Investment Income	154,538	-	-	154,538
Net Appreciation (Depreciation) (Realized and Unrealized)	(143,259)	3,501	-	(139,758)
Total Investment Return	11,279	3,501	-	14,780
Contributions	-	-	75,688	75,688
Releases	-	(84,150)	84,150	-
Endowment Net Assets - June 30, 2015	2,082,571	724,568	1,911,477	4,718,616
Investment Return:				
Investment Income	150,411	-	-	150,411
Net Depreciation (Realized and Unrealized)	(209,696)	(75,040)	-	(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

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, 2016 and 2015.

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 semi-annual 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 May 2020. 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 $26,357 and $54,019 at June 30, 2016 and 2015, respectively. Other lease payments are charged to rent expense as incurred. Rent expense totaled $267,064 and $271,631 for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments at June 30, 2016, are as follows:

Year Ending June 30,	Amount
2017	$ 188,321
2018	11,116
2019	9,720
2020	8,910
Total	$ 218,067

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 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, 2016 and 2015, was $229,340 and $219,068, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

The Organization formed Childgarden Child Development Center (CCDC), a non-profit corporation, through a members' agreement entered into with St. Louis ARC, Inc. (SLARC). On October 31, 2014, the Organization agreed to transfer its 50% interest in CCDC to SLARC in exchange for $650,000 less 50% of the outstanding balance of the note payable. The total consideration paid amounted to $417,199, and is included in Miscellaneous Income on the Statement of Activities for the year ended June 30, 2015. The Organization was released from its guarantee of the debt as part of the transfer of interest.

The Organization's United Way funds included an allocation for CCDC prior to the year ended June 30, 2016. For the year ended June 30, 2015, the Organization received and transferred $181,727 of United Way funds received to CCDC. The Organization had no variance power with regards to the beneficiary of these funds.

The Organization charged CCDC management fees for services provided by the President and CEO, as well as finance and human resources support. Management fees charged to CCDC for the year ended June 30, 2015 totaled $28,647. In addition, the Organization paid and was reimbursed for CCDC director's salary and benefits of $14,266 for 2015. No services were provided to CCDC during the year ended June 30, 2016.