

MANNA FOOD CENTER, INC.

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2017

MANNA FOOD CENTER, INC.
For the Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Manna Food Center, Inc.
Gaithersburg, Maryland

We have audited the accompanying financial statements of Manna Food Center, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Manna Food Center, Inc., as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 3, the Organization's beginning net assets were overstated due to improper treatment of payments made on a long-term lease agreement. Our opinion is not modified with respect to this error.

E. Cohen and Company CPAs

November 10, 2017

MANNA FOOD CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current assets	
Cash	\$ 1,044,714
Grants receivable	97,285
Contributions receivable	12,731
Other receivables	1,232
Investments	177,798
Prepaid expenses	53,205
Inventory	<u>340,727</u>
Total current assets	<u>1,727,692</u>
Noncurrent assets	
Property and equipment, net	208,789
Certificates of deposit	18,591
Security deposit	<u>350</u>
Total noncurrent assets	<u>227,730</u>
Total assets	<u><u>\$ 1,955,422</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 54,934
Accrued payroll liabilities	57,169
Deferred rent liability - current portion	<u>14,876</u>
Total current liabilities	126,979
Noncurrent liabilities	
Deferred rent liability, net of current portion	<u>20,619</u>
Total liabilities	<u>147,598</u>
Net assets	
Unrestricted net assets	1,792,038
Temporarily restricted net assets	10,786
Permanently restricted net assets	<u>5,000</u>
Total net assets	<u>1,807,824</u>
Total liabilities and net assets	<u><u>\$ 1,955,422</u></u>

MANNA FOOD CENTER, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Contributions	\$ 1,882,031	\$ -	\$ -	\$ 1,882,031
Governmental grants	646,419	-	-	646,419
Donated food and supplies	4,898,627	-	-	4,898,627
Donated services	37,491	-	-	37,491
Special events less direct expenses of \$10,587	52,800	-	-	52,800
Net assets released from restriction	44,000	(44,000)	-	-
Total revenue and support	<u>7,561,368</u>	<u>(44,000)</u>	<u>-</u>	<u>7,517,368</u>
Expenses				
Program services	7,061,189	-	-	7,061,189
Management and general	152,434	-	-	152,434
Fundraising	260,757	-	-	260,757
Total expenses before other income	<u>7,474,380</u>	<u>-</u>	<u>-</u>	<u>7,474,380</u>
Other income				
Interest and dividend income	7,523	-	-	7,523
Realized and unrealized gain on investments	4,249	-	-	4,249
Gain on sale of property and equipment	3,750	-	-	3,750
Other income	2,341	-	-	2,341
Total other income	<u>17,863</u>	<u>-</u>	<u>-</u>	<u>17,863</u>
Change in net assets	<u>104,851</u>	<u>(44,000)</u>	<u>-</u>	<u>60,851</u>
Net assets, beginning, as previously reported	1,733,547	54,786	5,000	1,793,333
Prior period adjustment	<u>(46,360)</u>	<u>-</u>	<u>-</u>	<u>(46,360)</u>
Net asset, beginning, as restated	<u>1,687,187</u>	<u>54,786</u>	<u>5,000</u>	<u>1,746,973</u>
Net assets, ending	<u>\$ 1,792,038</u>	<u>\$ 10,786</u>	<u>\$ 5,000</u>	<u>\$ 1,807,824</u>

MANNA FOOD CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2017**

	Program Services	Management and General	Fundraising	Total
In-kind distributed food	\$ 4,544,302	\$ -	\$ -	\$ 4,544,302
Salaries	911,511	54,614	124,181	1,090,306
Inventory shrinkage	299,797	-	-	299,797
Purchased food	288,726	-	-	288,726
Occupancy	192,418	11,269	19,312	222,999
Professional services	137,757	15,540	17,217	170,514
Community food rescue	111,181	-	-	111,181
Payroll taxes	82,476	8,594	10,961	102,031
Depreciation	87,501	5,087	9,157	101,745
Health Insurance	23,194	38,110	3,222	64,526
Warehouse supplies	59,247	415	268	59,930
Technology	44,149	1,068	9,058	54,275
Vehicle and refrigeration repairs	44,028	-	-	44,028
Printing and reproduction	7,784	404	33,313	41,501
Grants	35,525	-	-	35,525
Workers compensation insurance	28,543	1,722	2,926	33,191
Gas, oil, and tolls	28,885	8	12	28,905
Retirement plan	22,770	2,125	3,087	27,982
Office expense	13,422	5,927	3,387	22,736
Vehicle insurance	20,735	-	-	20,735
Repairs and maintenance	17,644	478	656	18,778
Postage and delivery	284	43	17,650	17,977
Temporary labor	12,421	1,204	24	13,649
Contribution processing fee	9,432	549	987	10,968
Business insurance	6,116	2,569	627	9,312
Telephone and internet	8,001	465	837	9,303
Equipment rental	8,039	145	251	8,435
Outreach	5,228	873	482	6,583
Other program related expenses	4,427	-	100	4,527
Travel	2,102	641	1,180	3,923
Permits and licensing	2,955	184	747	3,886
Dues and subscriptions	589	400	1,115	2,104
Total Expenses	\$ 7,061,189	\$ 152,434	\$ 260,757	\$ 7,474,380

MANNA FOOD CENTER, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

Cash flows from operating activities	
Change in net assets	\$ 60,851
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Donated food received	(4,898,627)
Donated food disbursed	4,544,302
Inventory shrinkage	299,797
Depreciation expense	101,745
Gain on disposition of property and equipment	(3,750)
Realized and unrealized gain on investments	(4,249)
(Increase) decrease in assets	
Grants receivable	(12,505)
Contributions receivable	(5,131)
Other receivables	(132)
Prepaid expenses	(20,798)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	36,416
Accrued payroll liabilities	13,048
Deferred rent liability	(10,865)
Net cash provided by operating activities	<u>100,102</u>
Cash flows from investing activities	
Reinvested earnings on investments	(4,085)
Purchases of property and equipment	(121,160)
Proceeds from sale of property and equipment	3,750
Net cash used in investing activities	<u>(121,495)</u>
Net decrease in cash	(21,393)
Cash, beginning of year	<u>1,066,107</u>
Cash, end of year	<u><u>\$ 1,044,714</u></u>

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. Description of organization and operations

Organization

Manna Food Center, Inc. (“the Organization”) is a non-profit organization that is Montgomery County, Maryland’s largest and most far-reaching provider of food assistance. The Organization strives to meet its neighbors’ requests for services by serving as both a food bank and a food pantry. For more than three decades, the Organization has been a reliable “thread” in the social safety net for the vulnerable: the elderly, the disabled, individuals and families in crisis that require a supplement of nutritious food.

The Organization’s work is built on three pillars that create a unique and comprehensive approach to hunger relief.

Pillar 1: Reduce hunger and improve access to nutritious food for Montgomery County residents who experience food insecurity.

Pillar 2: Strengthen community food skills and knowledge to encourage and enable healthy eating.

Pillar 3: Connect Montgomery County neighbors to service providers and to each other.

The Organization is the main food bank in Montgomery County, and nearly every local county and nonprofit organization relies on the Organization to provide essential food to their clients through their referral system. The vision for the Organization is to be at the center of ending hunger in their community. The Organization’s signature programs include:

Food for Families: Distributes roughly 60 pounds of perishable and nonperishable food each month to an average to 3,650 families. Qualifying families must report income below Maryland’s self-sufficiency standard. This program is run at 24 sites.

Smart Sacks: Distributes food through a network of sixty Montgomery County public elementary schools. The program fills a critical gap by providing food to children and their families on Fridays during the school year in order to ensure they have nutritious food to eat during the weekend. The program reaches approximately 2,450 children each week. The food bags are full of nutritious food that is selected by the Organization’s registered dietitian. Use of the ingredients provided and sustained healthy eating is encouraged through educational materials included in the Smart Sacks bags throughout the school year.

Community Food Rescue (CFR): Is a first-of-its kind, coordinated food recovery network led by the Organization and building on the former Food for Agencies program. By partnering with a range of hunger relief organizations, volunteers and business, the initiative is making sure that edible food reaches hungry neighbors. CFR builds upon the work of establishments already recovering good food before it is thrown away and identifies new donors. State of-the-art technology makes real-time matches based on geography and transportation options. Trainings and mini-grants are offered in order to build capacity and increase food-rescuing capabilities.

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. Description of organization and operations (continued)

Nutrition Education: Using a curriculum developed by Share our Strength, the Organization offers low-income grocery shoppers free onsite assistance at local grocery stores. Nutrition educators teach clients about unit price comparison and reading nutrition labels in order to stretch tight budgets when purchasing healthy food. The Organization also hosts workshops, cooking demos, and store tours at shopping centers where neighbors gather. The free programs make crucial health information more accessible.

Breaking Bread: Breaking Bread is a conversation series to help identify and solidify common values necessary to successfully combat hunger. Breaking Bread creates a space and intentional conversations to nurture dialogue around critical issues, such as race, class, and a culture of dependency, that create or contribute to hunger and food insecurity in our community. The first series of dinners began in 2015 and conversations open to all residents of Montgomery County are held monthly.

2. Summary of significant accounting polices

Method of accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents

The Organization considers all cash and highly liquid investments with initial maturities of three months or less to be cash equivalents. As of June 30, 2017, the Organization holds no such investments.

Certificates of deposit

The Organization invests in certificates of deposits (CDs) that are not debt instruments. CDs with original maturities of less than one year are classified as short-term. CDs with original maturities greater than one year are classified as long-term. The CD serves as the security deposit on the leased warehouse space.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has never experienced any losses related to these balances. The Organization's cash management policies limit its exposure to concentrations of credit risk by allocating their cash balance across multiple financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash in excess of the FDIC-insured limits at June 30, 2017 approximated \$63,000.

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2. Summary of significant accounting polices (continued)

Grants and contributions receivable

Grants and contributions receivable represents amounts committed by donors and grantors that have not been received as of the date of the statements of financial position. Grants and contributions receivable are stated at their original amount, less an estimate for doubtful receivables based on an annual review of outstanding amounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At June 30, 2017, management expects the amounts in grants receivable and contributions receivable to be fully collected within the next fiscal year.

Investments

Investments are reflected at the fair value that was in effect as of the date of the statement of financial position, which may differ from the amount ultimately realized at the time of sale. Realized and unrealized gains and losses are reflected in the statement of activities.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, ranging from five to ten years. For the year ended June 30, 2017, individual purchases and improvements of \$1,000 or greater, which prolong the useful life of an asset, were capitalized. For the year ended June 30, 2016 and prior, individual purchases and improvements of \$500 or greater were capitalized. Upon disposition of a depreciable asset, the cost and related accumulated depreciation are eliminated and the resulting gain or loss is credited or charged to revenue. Repairs and maintenance are expensed in the year incurred.

Inventory

The Organization's purchased inventory is stated at the lower of average cost or market. Donated food items are recorded as donations when received and inventoried at average estimated market value, which was \$1.72 per pound during the fiscal year ended June 30, 2017.

Deferred rent liability

The Organization's main operating lease includes rent escalations over lease period of ten years. Total costs of the operating lease are recognized on a straight-line basis. The difference between rent paid and rent expensed is recorded as deferred rent on the statement of financial position.

Revenue recognition

Contributions received are reported as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2. Summary of significant accounting polices (continued)

Revenue recognition (continued)

Revenue from contracts and grants that provide for cost reimbursement is recognized when the related direct and allocated indirect expenses are incurred, deliverables are met, or per-diem services are provided.

Donated food and supplies are recognized when received. Revenue from special events is recognized at the time of the event. The Organization recognizes the fair value of donated legal and information technology services. For a donated service to be recognized, the service must either create or enhance a non-financial asset or require specialized skills. In addition, approximately 74,200 of volunteer hours were provided to the Organization for the year ended June 30, 2017 for which no value has been assigned.

Income taxes

The Organization is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Services as *other than a private foundation*. No provision for income taxes is required for the year ended June 30, 2017 since the Organization had no taxable income from unrelated business activities.

The income tax positions taken by the Organization for any years open under the various statutes of limitations are that the Organization continues to be exempt from income taxes and that it has properly reported unrelated business income that is subject to income taxes. The Organization believes there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of the Organization's federal or state income tax returns are currently under examination.

Use of 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 of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the various programs and other supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs that can be identified with particular programs or support functions are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the portion of these costs applicable to each program. Other allocable costs have been allocated to program services and to support services based upon management's best estimates.

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2. Summary of significant accounting polices (continued)

Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1*: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2*: Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3*: Level 3 inputs are unobservable (e. g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs.

3. Prior period adjustment

During the year ended June 30, 2017, the Organization discovered that a deferred rent liability was not recorded for the operating lease in the prior years in error. The correction of this error decreased beginning unrestricted net assets by \$46,360.

4. Grants receivable

Grants receivable consisted of the following at June 30, 2017:

Montgomery County Government	\$ 80,619
City of Rockville	10,000
Healthcare Initiative Foundation	<u>6,666</u>
	<u>\$ 97,285</u>

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

5. Investments and fair value measurement

The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2017, using quoted prices in active markets for identical assets (Level 1).

Money market mutual funds	\$ 39,047
U.S. equities	<u>138,751</u>
Total	<u>\$ 177,798</u>

All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

6. Property and equipment

Property and equipment consisted of the following at June 30, 2017:

Vehicles	\$ 520,361
Furniture, fixtures, and equipment	212,045
Leasehold improvements	<u>145,869</u>
Subtotal of depreciable property and equipment	878,275
Less accumulated depreciation and amortization	<u>766,429</u>
Subtotal of net depreciable property and equipment	111,846
Vehicles not yet placed in service	74,304
Software not placed in service	<u>22,639</u>
Total	<u>\$ 208,789</u>

7. Commitments

The Organization entered a lease agreement for their headquarters and storage facility for an initial term of ten years expiring September 2019. The lease can be renewed for two consecutive five year terms. The lease calls for annual rental increases of 3.0% of the base rent. The lease contains a total of two months of rent abatement. In addition, the Organization is liable for its proportionate share of the operating expenses. During fiscal year 2017, the Organization entered a leasing arrangement for a truck and a copier. The lease arrangement for the truck was entered in March 2017 and is for seven years. The lease arrangement for the copier was entered in November 2016 and is for five years.

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

7. Commitments (continued)

For the year ended June 30, 2017, rent expense totaled \$195,760 and is included in occupancy costs in the statement of functional expenses.

Future minimum lease payments under the operating leases at June 30, 2017, are as follows:

<u>Years ending June 30,</u>	
2018	\$ 172,000
2019	176,000
2020	35,000
2021	22,000
2022	21,000
Thereafter	<u>35,000</u>
Total	<u>\$ 461,000</u>

8. Retirement Plan

Effective January 1, 2010, the Organization initiated a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). All employees are eligible for this plan. For the year ended June 30, 2017, the Organization contributed 3% of annual compensation for each eligible employee to the plan. Contributions to the plan for the year ended June 30, 2017 totaled \$27,982.

9. Temporarily restricted net assets

Temporarily restricted net assets include donor restricted funds and other funds, which are only available for program activities.

Temporarily restricted net assets consisted of the following at June 30, 2017:

Breaking bread initiative	\$ 10,786
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10. Permanently restricted net assets and endowment

Assets are classified as permanently restricted when donors have placed permanent restrictions on the use of the principal of the gift. In the absence of restrictions on the use of the income generated by these assets, the unused investment income and realized and unrealized gains and losses are accumulated in unrestricted net assets. The Organization's endowment consists of The Samuel and Harriet Miller Feed the Hungry Fund. During the year ended June 30, 2015, the charter of the Samuel and Harriet Miller Feed the Hungry Fund was restated in that the initial principal sum of \$5,000 was to be permanently restricted and must be preserved in perpetuity as long as the Organization exists.

MANNA FOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

10. Permanently restricted net assets and endowment (continued)

The Organization reports its endowment funds and related activity in accordance with GAAP. The endowments of not-for-profit organizations accounting guidance provides guidance on the net assets classification of donor-restricted endowments funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”).

The management of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets, the original value of cash gifts donated to permanent endowments. The remaining portion of donor-restricted endowment funds not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 Organization and donor-restricted endowment funds
- The general economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- The investment policies of the Organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment while seeking to maintain purchasing power of the endowment assets. Earnings of the endowments are reflected as temporarily restricted net assets until appropriated for expenditure to support the endowment's stated purpose, or are reflected as unrestricted net assets when permitted by the donor.

MANNA FOOD CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

10. Permanently restricted net assets and endowment (continued)

The following table present the changes in the net asset classes of the Organization's endowment funds as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 10,786</u>	<u>\$ 5,000</u>	<u>\$ 15,786</u>
Endowment net assets, beginning of year	\$ -	\$ 10,786	\$ 5,000	\$ 15,786
Investment income	-	-	-	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 10,786</u>	<u>\$ 5,000</u>	<u>\$ 15,786</u>

11. Subsequent events

Management of the Organization has evaluated events and transactions that occurred after June 30, 2017 through November 10, 2017, the date the financial statements were available to be issued, and has determined that no subsequent events have occurred that require recognition or disclosure in the financial statements.