SISTER CARMEN COMMUNITY CENTER, INC.

Financial Statements As Of June 30, 2016
(With Summarized Financial Information for
The Year Ended June 30, 2015)

Together With Independent Auditors' Report

JDS professional group
certified public accountants, consultants and advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sister Carmen Community Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Sister Carman Community Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2016, and the related statement 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2016, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reporting on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended June 30, 2016, was audited by other auditors whose report dated December 18, 2015, expressed an unmodified opinion on those statements prior to the reclassifications and restatements.

JDS Professional Group

November 18, 2016

Statement Of Financial Position
As Of June 30, 2016
(With Summarized Financial Information For The Year Ended June 30, 2015)

ASSETS

	2016	2015
Current Assets:		
Cash	$ 226,021	$ 313,728
Promises to give	19,031	64,135
Accounts receivable	33,480	32,432
Prepaid expenses	22,473	20,333
Inventory	267,549	429,618
Total Current Assets	568,554	860,246
Property and Equipment		
Land	393,617	393,617
Building	2,357,818	2,353,169
Leasehold improvements	269,201	269,201
Furniture and equipment	291,185	282,108
Vehicles	104,894	104,894
	3,416,715	3,402,989
Less accumulated depreciation	(616,140)	(509,921)
Net Property and Equipment	2,800,575	2,893,068
Other Assets:		
Beneficial interest in assets held by Community First Foundation	23,662	25,204
Deferred loan fees	4,098	3,597
Total Other Assets	27,760	28,801
TOTAL ASSETS	$3,396,889	$3,782,115

The accompanying notes are an integral part of the financial statements.

SISTER CARMAN COMMUNITY CENTER, INC.

Statement Of Financial Position
For The Year Ended June 30, 2016
(With Summarized Financial Information For The Year Ended June 30, 2015)

LIABILITIES AND NET ASSETS

	2016	2015
Current Liabilities:		
Accounts payable	$ 8,511	$ 12,292
Accrued liabilities	41,101	72,826
Note payable, current portion	43,931	41,721
Deferred revenue	22,970	25,865
Total Current Liabilities	116,513	152,704
Non-Current Liabilities:		
Note payable	616,725	660,037
Total Liabilities	733,238	812,742
Net Assets:		
Unrestricted	2,607,517	2,880,034
Temporarily restricted	32,472	64,135
Permanently restricted	23,662	25,204
Total Net Assets	2,663,651	2,969,373
TOTAL LIABILITIES AND NET ASSETS	$3,396,889	$3,782,115

The accompanying notes are an integral part of the financial statements.

SISTER CARMEN COMMUNITY CENTER, INC.

Statement Of Activities
For The Year Ended June 30, 2016
(With Summarized Financial Information For The Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
Contributions					
Donations	$ 819,549	$ 79,281	$	$ 898,830	$ 921,583
Donated food and personal items	2,328,604			2,328,604	2,940,988
Donation rent - Thrift Store location	127,500			127,500	127,500
Boulder County fees for services	401,308			401,308	368,212
Thrift Store sales	596,610			596,610	548,094
Fundraising revenue					59,791
Other support and income	14,234			14,234	31,330
Change in value of beneficial interest			(1,542)	(1,542)	204
Net assets released from restrictions-					
Satisfaction of time and purpose restrictions	110,944	(110,944)			
Total Support And Revenue	4,398,749	(31,663)	(1,542)	4,365,544	4,997,702
Expenses:					
Program Services -					
Basic services	3,757,225			3,757,225	3,952,169
Total Program Services	3,757,225			3,757,225	3,952,169
Supporting Services -					
Thrift Store	582,825			582,825	545,764
Fundraising	157,582			157,582	130,553
General administration	173,634			173,634	174,615
Total Supporting Services	914,041			914,041	850,932
Total Expenses	4,671,266			4,671,266	4,803,101
CHANGES IN NET ASSETS	(272,517)	(31,663)	(1,542)	(305,722)	194,601
Net Assets, Beginning Of Year.					
As Originally Reported	1,494,903	1,520,050		3,014,953	2,774,772
Reclassifications	1,367,769	(1,392,973)	25,204		
Restatement	17,362	(62,942)		(45,580)	
Net Assets, Beginning of Year, After Reclassifications and Restatement	2,880,034	64,135	25,204	2,969,373	2,774,772
NET ASSETS, END OF YEAR	$ 2,607,517	$ 32,472	$ 23,662	$ 2,663,651	$ 2,969,373

The accompanying notes are an integral part of the financial statements.

SISTER CARMEN COMMUNITY CENTER, INC.

Statement Of Functional Expenses
For The Year Ended June 30, 2016

	Program Expenses	Thrift Store	Fundraising	General Administration	2016 Total	2015 Total
Salaries and Wages	$ 616,661	$ 309,395	$ 105,896	$ 88,639	$ 1,120,590	$ 1,022,718
Payroll taxes	55,254	27,722	9,488	7,942	100,407	89,174
Employee benefits	72,885	36,568	12,516	10,476	132,445	116,298
Direct services:						
In-kind food	2,490,673				2,490,673	2,664,910
Purchased food	5,304				5,304	13,960
Housing assistance	99,916				99,916	99,147
Utilities assistance	94,237				94,237	93,541
Other financial assistance	20,464				20,464	26,839
Family resource programs	35,058				35,058	91,967
Advertising		3,709			3,709	967
Board development				7,615	7,615	450
Computer expenses	11,508	842	702	982	14,034	
Contract labor	1,120	1,120		1,492	3,732	
Credit card fees				2,604	2,604	
Dues and subscriptions	9,259	1,456	863	3,040	14,618	13,573
Fundraising			387		387	33
Insurance	17,361	8,705	2,592	2,170	30,828	30,240
Interest	31,637		1,861	2,969	36,467	39,393
Legal and accounting	3,489	1,744		29,656	34,889	39,340
Maintenance and repair	22,966	7,865	1,021	1,531	33,383	48,563
Other expenses	4,608	3,012	126	2,147	9,893	5,337
Payroll service				6,138	6,138	
Postage			10,200	118	10,318	5,479
Printing	7,690		5,567		13,257	20,064
In-kind rent		127,500			127,500	127,500
Staff appreciation	2,571	1,290	441	369	4,671	6,318
Staff training	3,803	1,908	653	547	6,911	7,392
Sub grants					-	3,550
Office supplies	5,707	1,828	317	317	8,169	14,334
Telephone	8,534	2,582	785	490	12,391	13,181
Utilities	20,643	12,723	1,898	1,186	36,450	38,137
Vehicle expenses	12,776	6,378			19,154	18,627
Volunteer expenses	3,613	1,780			5,393	5,096
Waste removal	2,469	11,049	227	142	13,887	27,239
	3,660,206	569,176	155,540	170,570	4,555,493	4,683,367
Depreciation and amoritization	97,018	13,649	2,042	3,064	115,774	119,734
Totals	$ 3,757,225	$ 582,825	$ 157,582	$ 173,634	$ 4,671,266	$ 4,803,101

The accompanying notes are an integral part of the financial statements.

SISTER CARMEN COMMUNITY CENTER, INC.

Statement Of Cash Flows
For The Years Ended June 30, 2016
(With Summarized Information For The Year Ended June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Changes in net assets	$ (305,722)	$ 194,601
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	115,501	84,435
Amortization of deferred loan costs	273	273
Gain (loss) on sale of assets	406	(809)
Accretion of long-term discounted mortgages		(17,362)
Contributed food and related items distributed	2,493,352	2,665,552
Contributed food and related items received	(2,328,604)	(2,900,988)
(Increase) decrease in accounts receivable and promises to give	44,056	41,495
(Increase) in prepaid expense	(2,140)	(2,471)
Increase (decrease) in accounts payable and accrued liabilities	(35,506)	7,583
Increase (decrease) in deferred revenue	(2,895)	25,865
Net cash provided by (used in) operating activities	(21,279)	98,255
Cash flows from investing activities:		
Proceeds from sale of vehicle		1,760
Investment in endowment	(1,542)	(25,204)
Purchase of property and equipment	(23,784)	(42,313)
Net cash (used in) investing activities	(25,326)	(65,756)
Cash flows from financing activities:		
Repayment of mortgage debt	(41,102)	(68,600)
Net cash (used in) financing activities	(41,102)	(68,600)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(87,707)	(36,102)
Cash and Cash Equivalents, Beginning Of Year	313,728	349,830
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 226,021	$ 313,728
Supplemental Disclosure of Cash Flow Information:		
Interest expense	$ 36,467	$ 38,671

The accompanying notes are an integral part of the financial statements.

(1) **Nature Of Center**

Sister Carmen Community Center, Inc. (the "Center") is a community based non-profit agency located in Lafayette, Colorado. The Center provides assistance residents of Lafayette, Louisville, Superior, and Erie Colorado, who are in need without discrimination. Services include food, emergency services, educational services, counseling services and sales of contributed clothing and household items at its thrift store. In-kind contributions to the Center consist primarily of food, clothing, and household items from individuals, community groups and local businesses. The City of Lafayette has provided a facility for the Center to operate its thrift store from in the form of an in-kind donation.

(2) **Summary Of Significant Accounting Policies**

Basis Of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the recommendations of the *Financial Statements of Non-for-Profit Entities*. Under this standard, the Center is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Center has a permanently restricted endowment.

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits and money market accounts. The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except those investments subject to the investment broker's direction.

Accounts Receivable

Accounts receivable consist primarily of contract receivables which generally require payment within thirty days of the invoice date. Accounts receivable are stated at the invoice or contract amount. Account balances with invoices over ninety days old are considered delinquent.

The allowance for doubtful accounts is based on management's assessment of the collectibility of specific customer accounts and the aging of the accounts receivable. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for doubtful accounts. The Center considers all accounts receivable to be collectible, therefore no allowance for doubtful accounts has been deemed necessary for the years ended June 30, 2016.

Promises To Give

Promises to give are recognized as temporarily restricted revenues or gains in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. As of June 30, 2016, promises to give were expected to be received within one year.

Management expects all promises to give will be fully collectible, accordingly, there is no allowance for uncollectible promises to give.

Inventory

Purchased food is valued at cost, donated food inventory is valued at an average of the national wholesale prices as determined by Feeding America, and donated clothing and household items inventory is valued based upon estimated fair value.

Deferred Revenue

Contract revenue which is contingent upon program performance is recorded as deferred revenue, until which time program requirements have been sufficiently satisfied to receive the remaining contract revenue.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Statement Of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consists of demand deposits, and short term investments with an original maturity of three months or less.

Intangibles

Loan costs are amortized over the life of the loan using the straight-line method. Amortization expense amounted to $273 for the year ended June 30, 2016.

Property And Equipment

All acquisitions of property and equipment in excess of $500 are recorded at cost if purchased, or at fair market value on the date of the gift, if donated. Expenditures for minor purchases, maintenance and repairs are charged to expense. The Center reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

	Estimated Useful Lives
Furniture and Equipment	3-7 years
Vehicles	5-7 years
Building and Improvement	39-40 years

Fair Value Measurements

The Center follows *Fair Value Measurements*, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes 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 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 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's 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 observable inputs and minimize the use of unobservable inputs.

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

Endowment: Valued as reported by Community First Foundation.

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

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, promises to give, inventory, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Contributions And Grants

Contributions and grants received are recorded as unrestricted or temporarily restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor 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 donor–restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulation 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.

Donated Materials, Services, Food, Clothing and Household Items

Donations of materials are recorded as contributions at their estimated fair value at the date of donation.

The Center receives donated food, clothing and household items from local area merchants and residents. During the year ended June 30, 2016, the Center received and distributed approximately 1,334,000 pounds of donated usable food and food items. As of June 30, 2016 donated food inventory consisting of approximately 145,000 pounds at an average value of $1.67/lb totaled $244,795.

Functional Allocation Of Expenses

The costs of providing various program support and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated among the program and supporting services benefitted.

Prior-Year Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2015, from which the summarized information was derived, prior to the reclassifications and restatements to net assets.

Reclassifications

Certain amounts have been reclassified in the prior period for comparative purposes.

Evaluation Of Subsequent Events

The Center has performed an evaluation of subsequent events through the date of this report, which is the date the consolidated financial statements were available to be issued, and has considered any relevant matters in the preparation of the consolidated financial statements and footnotes.

(3) **Tax Exempt Status**

The Center has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Center follows *Accounting for Uncertainty in Income Taxes* which requires the respective organizations to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming the tax position is examined by the appropriate taxing authority that has knowledge of all relevant information. During the year ended June 30, 2016, the Center's management evaluated their tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status. The Center is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to 2013. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Center believes that no issue would arise.

(4) Investments And Concentrations Of Credit Risk

The Center's cash demand deposits are held at financial institutions at which deposits are insured up to $250,000 by the FDIC. As of June 30, 2016, the Center's cash demand deposits did not exceed the FDIC insurance limit.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2016:

	Level 3
Beneficial interest in assets held by Community First Foundation	$ 23,662

The changes in the investments for which the Center has used Level 3 inputs to determine the fair values are as follows:

Balance, July 1, 2015	$ 25,204
Distributions	(989)
Total gains or losses (realized and unrealized)	(834)
Interest income, net of fees	281
Balance, June 30, 2016	$ 23,662

Level 3 investments consist of the Center's beneficial interest in Community First Foundation. The fair value is based on the value of the Center's portion of the underlying investments in the beneficial interest using valuation methods that are appropriate for those investments as determined by the Community First Foundation.

(5) Food Bank And Thrift Store Inventory

Food bank and thrift store inventory consisted of the following as of June 30, 2016:

Food	$ 244,795
Clothing and personal items	22,754
	$ 267,549

(6) **Endowment**

General

The Center maintains one donor-restricted endowment fund. The endowment fund was established by action of the Center's Board of Directors (the "Board") by transferring funds to Community First Foundation. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted the Uniform Prudent Management Investment Funds Act ("UPMIFA") as requiring the preservation of the fair value of an 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 Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund

2. The purposes of the Center and the donor-restricted endowment fund

3. General economic conditions

4. The possible effect of inflation and deflation

5. The expected total return from income and the appreciation of investments

6. Other resources of the Center

7. Investment policies of the Center

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended June 30, 2016, are as follows:

Endowment net assets, beginning of the year	$ 25,204
Investment return:	
Interest income, net of fees	281
Net gain/loss on securities	
(Realized and unrealized)	(834)
Distributions	(989)
Total investment return	(1,542)
Endowment net assets, end of year	$ 23,662

Return Objectives And Risk Parameters

The Center follows the investment and spending policies adopted by Community First Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Strategies Employed for Achieving Objectives

To Satisfy its long-term objectives for Community First Foundation Endowment, the Center relies on the Community First Foundation investment policy and strategy.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Center can elect to receive annual distributions of four percent of the average net fair market value of the assets of the Fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made. During the year ended June 30, 2016, $989 was received as distributions.

(7) Note Payable

During 2015, the Center refinanced its mortgage note in the amount of $799,071, and is due August 30, 2028. The note bears interest at 5.25%. Interest incurred and accrued as of June 30, 2016 was $36,467.

Future maturities of notes payables as of June 30, 2016, are as follows:

June 30,		
2017	$	43,931
2018		48,784
2019		51,407
2020		54,172
2021		57,086
Thereafter		405,276
	$	660,656

(8) Commitments and Contingencies

In July 2010, the Center received a grant from Boulder County in the amount of $780,000, secured by a deed of trust, which was used to purchase the real property located at 655 Aspen Ridge Drive in Lafayette, Colorado. Under the terms of the grant agreement, for the next ninety-nine years, the property cannot be sold or assigned without the written consent of the County. In the event of a default the County may exercise the right to declare that the "Appreciated Grant" be due and payable. Appreciated Grant is defined as an increase in the value of the property proportionate to the grant received and based on the original Property value of $1,950,000. Therefore, in the event of default these funds will need to be repaid to Boulder County under the appreciated grant formula.

In July 2012, the Center received a grant from Boulder County in the amount of $100,000, secured by a deed of trust, which was used for debt reduction on the real property located at 655 Aspen Ridge Drive in Lafayette, Colorado. Under the terms of the grant agreement, for the next ninety-nine years, the property cannot be sold or assigned without the written consent of the County. In the event of a default the County may exercise the right to declare that the "Appreciated Grant" be due and payable. Appreciated Grant is defined as an increase in the value of the property proportionate to the grant received and based on the original Property value of $1,950,000. Therefore, in the event of default these funds will need to be repaid to Boulder County under the appreciated grant formula.

In August 2013, the Center received a grant from Boulder County in the amount of $100,000, secured by a deed of trust, which was used for debt reduction on the real property located at 655 Aspen Ridge Drive in Lafayette, Colorado. Under the terms of the grant agreement, for the next ninety-nine years, the property cannot be sold or assigned without the written consent of the County. In the event of a default the County may exercise the right to declare that the "Appreciated Grant" be due and payable.

Appreciated Grant is defined as an increase in the value of the property proportionate to the grant received and based on the original Property value of $1,950,000. Therefore, in the event of default these funds will need to be repaid to Boulder County under the appreciated grant formula.

(9) Net Assets

Temporarily restricted net assets: Temporarily restricted net assets consisted of the following as of June 30, 2016:

Nurturing parents	$	12,920
Eyesight		521
Utilities assistance		19,031
Total	$	32,472

Permanently restricted net assets: Permanently restricted net assets consist of the Center's beneficial interest in Community First Foundation in the amount of $23,662, with the earnings to be used for operations.

(9) Restatement and Reclassifications

The prior period net assets have been restated by the net amount of $45,580. Such restatement consists of correcting the overstatement of Worthy Cause agreement with Boulder County and understatement of other support and income by $17,362. Under non-profit accounting standards, promises to give are required to be recorded as receivables and revenue in the year promised, the restatement includes adjustments to properly record promises to give as of June, 30, 2015, in the amount of $25,000. In addition, the restatement was made to correct the overstatement of promises to give by $62,077, the understatement of deferred revenue by $25,865, and overstatement of grant income in the amount of $87,942. These restatements have no impact to net assets and the change in the net assets for the fiscal year ended June 30, 2016.

Additionally, beginning of the year net assets have been reclassified between unrestricted, permanently restricted and temporarily restricted net assets. Such reclassifications consist of:

- Classifying promises to give as temporarily restricted net assets from unrestricted net assets in the amount of $31,445;
- Correction of the treatment of the Worthy Cause agreement with Boulder County and inventory from temporarily restricted net assets to unrestricted net assets for the amount of $1,392,256;
- Correction of the understatement of unrestricted net assets and overstatement of temporarily restricted net assets relating to releases in the amount of $32,162;
- Properly reclassifying the assets of the endowment fund to permanently restricted net assets from unrestricted net assets in the amount of $25,204.