Financial Statements
December 31, 2016 and 2015

Neighborhood House Association

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Independent Auditor's Report

The Board of Directors
Neighborhood House Association
Salt Lake City, Utah

Report on the Financial Statements
We have audited the accompanying financial statements of Neighborhood House Association (a nonprofit organization) which comprise the statements of financial position as of December 31, 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.

Auditor's 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 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 Neighborhood House Association as of December 31, 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.

Eide Bailly LLP

Salt Lake City, Utah
June 21, 2017

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	$ 187,451	$ 136,479
Program and other receivables, net of allowance for doubtful accounts of $63,113 and $65,873	93,624	171,653
Unconditional promises to give	32,500	32,500
Prepaid expenses	19,342	19,215
Total current assets	332,917	359,847
Investments (including endowment)	7,190,203	6,876,204
Property and equipment, net	885,809	814,850
	$ 8,408,929	$ 8,050,901
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 71,779	$ 16,209
Accrued expenses	103,062	82,266
Total current liabilities	174,841	98,475
Net assets		
Unrestricted		
Undesignated	970,258	261,372
Board designated	2,896,292	3,547,662
Invested in property and equipment	885,809	814,850
Total unrestricted net assets	4,752,359	4,623,884
Temporarily restricted	3,371,729	3,218,542
Permanently restricted	110,000	110,000
Total net assets	8,234,088	7,952,426
	$ 8,408,929	$ 8,050,901

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Program income	$ 1,145,839	$ -	$ -	$ 1,145,839
Food service reimbursement	163,949	-	-	163,949
Royalties - oil and gas	51,261	-	-	51,261
Interest income and investment gain	126,541	8,243	-	134,784
Other income	6,351	-	-	6,351
Grants and contributions	189,801	1,072,013	-	1,261,814
In-kind contributions	23,439	-	-	23,439
Gross special events revenue	244,539	-	-	244,539
Less cost of direct benefit to donors	(33,787)	-	-	(33,787)
Net special events revenue	210,752	-	-	210,752
Net assets released from restrictions	927,069	(927,069)	-	-
Total revenue, support and gains	2,845,002	153,187	-	2,998,189
Expenses				
Program services expenses				
Children's Day Care	1,792,485	-	-	1,792,485
Adult Day Services	546,671	-	-	546,671
Total program services expenses	2,339,156	-	-	2,339,156
Supporting services expenses				
Management and general	232,508	-	-	232,508
Fundraising	144,863	-	-	144,863
Total supporting services expenses	377,371	-	-	377,371
Total expenses	2,716,527	-	-	2,716,527
Change in Net Assets	128,475	153,187	-	281,662
Net Assets, Beginning of Year	4,623,884	3,218,542	110,000	7,952,426
Net Assets, End of Year	$ 4,752,359	$ 3,371,729	$ 110,000	$ 8,234,088

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Program income	$ 855,233	$ -	$ -	$ 855,233
Food service reimbursement	159,260	-	-	159,260
Royalties - oil and gas	81,977	-	-	81,977
Interest income and investment gain	(16,203)	45	-	(16,158)
Other income	117	-	-	117
Grants and contributions	442,353	3,165,333	-	3,607,686
In-kind contributions	145,523	-	-	145,523
Gross special events revenue	199,532	-	-	199,532
Less cost of direct benefit to donors	(28,605)	-	-	(28,605)
Net special events revenue	170,927	-	-	170,927
Net assets released from restrictions	784,898	(784,898)	-	-
Total revenue, support and gains	2,624,085	2,380,480	-	5,004,565
Expenses				
Program services expenses				
Children's Day Care	1,372,538	-	-	1,372,538
Adult Day Services	518,747	-	-	518,747
Total program services expenses	1,891,285	-	-	1,891,285
Supporting services expenses				
Management and general	215,175	-	-	215,175
Fundraising	95,802	-	-	95,802
Total supporting services expenses	310,977	-	-	310,977
Total expenses	2,202,262	-	-	2,202,262
Change in Net Assets	421,823	2,380,480	-	2,802,303
Net Assets, Beginning of Year	4,202,061	838,062	110,000	5,150,123
Net Assets, End of Year	$ 4,623,884	$ 3,218,542	$ 110,000	$ 7,952,426

	Program Services Expenses			Supporting Services Expenses			
	Children's Day Care	Adult Day Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries, benefits, and taxes	$ 1,228,060	$ 353,515	$ 1,581,575	$ 179,274	$ 90,635	$ 269,909	$ 1,851,484
Program and office expenses	128,570	14,912	143,482	8,048	7,533	15581	159,063
Food	122,955	20,254	143,209	-	-	-	143,209
Depreciation	75,472	25,876	101,348	2,897	2,897	5,794	107,142
Occupancy and maintenance	53,949	25,895	79,844	438	438	876	80,720
Professional and contract services	628	20,945	21,573	23,045	32,338	55,383	76,956
Bad debt	53,576	22,961	76,537	-	-	-	76,537
Telephone and utilities	47,174	15,828	63,002	1,940	1,940	3,880	66,882
Transportation	22,537	21,255	43,792	512	512	1,024	44,816
Insurance	18,143	14,363	32,506	2,048	2,048	4,096	36,602
Licensing, education, and training	19,341	3,452	22,793	789	150	939	23,732
Donated goods and services	18,751	4,688	23,439	-	-	-	23,439
Printing and promotion	626	938	1,564	3,884	6,297	10,181	11,745
Other	2,703	1,789	4,492	9,633	75	9,708	14,200
Events	-	-	-	-	33,787	33,787	33,787
	1,792,485	546,671	2,339,156	232,508	178,650	411,158	2,750,314
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	(33,787)	(33,787)	(33,787)
Total expenses included in the expense section on the statement of activities	$ 1,792,485	$ 546,671	$ 2,339,156	$ 232,508	$ 144,863	$ 377,371	$ 2,716,527

	Program Services Expenses			Supporting Services Expenses			
	Children's Day Care	Adult Day Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries, benefits, and taxes	$ 883,073	$ 364,707	$ 1,247,780	$ 161,571	$ 74,530	$ 236,101	$ 1,483,881
Program and office expenses	142,074	14,252	156,326	3,998	1,086	5,084	161,410
Food	114,422	21,981	136,403	-	-	-	136,403
Depreciation	56,232	22,321	78,553	7,107	7,107	14,214	92,767
Occupancy and maintenance	70,728	23,726	94,454	-	-	-	94,454
Professional and contract services	1,500	14,301	15,801	7,026	3,624	10,650	26,451
Bad debt	-	-	-	19,104	-	19,104	19,104
Telephone and utilities	45,261	13,673	58,934	138	-	138	59,072
Transportation	13,723	21,404	35,127	-	130	130	35,257
Insurance	18,551	13,286	31,837	1,676	1,676	3,352	35,189
Licensing, education, and training	13,468	2,769	16,237	2,084	75	2,159	18,396
Donated goods and services	12,617	2,709	15,326	-	-	-	15,326
Printing and promotion	625	1,167	1,792	461	7,544	8,005	9,797
Other	264	2,451	2,715	12,010	30	12,040	14,755
Events	-	-	-	-	28,605	28,605	28,605
	1,372,538	518,747	1,891,285	215,175	124,407	339,582	2,230,867
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	(28,605)	(28,605)	(28,605)
Total expenses included in the expense section on the statement of activities	$ 1,372,538	$ 518,747	$ 1,891,285	$ 215,175	$ 95,802	$ 310,977	$ 2,202,262

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 281,662	$ 2,802,303
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	107,142	92,767
Royalties - oil and gas	(51,261)	(81,977)
Contributed improvements capitalized	-	(130,197)
Net realized and unrealized gain on investments	(84,044)	65,388
Gain on disposal of property and equipment	(750)	-
Change in operating assets and liabilities		
Program and other receivables	78,029	(54,821)
Unconditional promises to give	-	15,000
Prepaid expenses	(127)	11,292
Accounts payable	55,570	1,825
Accrued expenses	20,796	20,257
Net Cash from Operating Activities	407,017	2,741,837
Cash Flows from Investing Activities		
Purchase of property and equipment	(177,351)	(59,121)
Royalty income	51,261	81,977
Purchases of investments	(1,455,603)	(4,239,312)
Sales of investments	1,225,648	1,371,207
Net Cash used for Investing Activities	(356,045)	(2,845,249)
Net Change in Cash and Cash Equivalents	50,972	(103,412)
Cash and Cash Equivalents, Beginning of Year	136,479	239,891
Cash and Cash Equivalents, End of Year	$ 187,451	$ 136,479
Supplemental Disclosure of Non-cash Investing Activity		
Contributed equipment and improvements	$ -	$ 130,197

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Neighborhood House Association (the Association) is a nonprofit organization established under the laws of the State of Utah to provide child and adult day care services in the Salt Lake City area.

The Association's principal programs comprise the following:

- The Children's Day Care program provides preschool child care and before and after school day care for elementary aged children and the summer program includes activities for 13 and 14 year olds. The program is designed to promote the physical, mental and social well-being of the children.

- The Adult Day Services program offers an alternative to premature nursing home care for the elderly. Supportive services are provided at the Center and a satellite location for patrons who are no longer able to remain alone during the day.

Cash and Cash Equivalents

The Association considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Association are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for program services provided. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2016 and 2015, the allowance was $63,113 and $65,873, respectively.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2016 and 2015, no allowance has been recorded for promises to give and all unconditional promises to give are expected to be collected within one year.

Property and Equipment

Property and equipment additions over $2,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 33 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Association reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. At December 31, 2016 and 2015, no impairment loss has been recorded.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gain (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

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

> *Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and quasi-endowment.
>
> *Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Association and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Association's Board of Directors.
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> The Association reports contributions 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 to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
>
> *Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Association. The restrictions stipulate that resources be maintained permanently but permit the Association to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Association's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Association records donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Association is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Association is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Association has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Association believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Association would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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 reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Association manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Association has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of the Association's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Association.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Association has evaluated subsequent events through June 21, 2017, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that 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 are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Association develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Association's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Association's investment assets are classified within Level 1 because they are comprised of open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. The Association invests in U.S. Government obligations that are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis at December 31, 2016:

Assets	Level 1	Level 2	Level 3	Total
Money market funds, cash equivalents	$ 2,267,335	$ -	$ -	$ 2,267,335
Debt securities	2,001,887	508,141	-	2,510,028
Equity securities	1,798,709	-	-	1,798,709
Mutual funds	614,131	-	-	614,131
Total assets at fair value	$ 6,682,062	$ 508,141	$ -	$ 7,190,203

The following table presents assets measured at fair value on a recurring basis at December 31, 2015:

Assets	Level 1	Level 2	Level 3	Total
Money market funds, cash equivalents	$ 4,097,879	$ -	$ -	$ 4,097,879
Debt securities	-	506,119	-	506,119
Equity securities	1,787,219	-	-	1,787,219
Mutual funds	484,987	-	-	484,987
Total assets at fair value	$ 6,370,085	$ 506,119	$ -	$ 6,876,204

Note 3 - Net Investment Return

Net investment return (loss) consists of the following for the years ended December 31, 2016 and 2015:

	2016	2015
Interest and dividends, net of fees	$ 82,626	$ 77,299
Net realized and unrealized gain (loss)	84,044	(65,388)
Less investment management and custodial fees	(31,886)	(28,069)
	$ 134,784	$ (16,158)

Note 4 - Property and Equipment

Property and equipment consists of the following at December 31, 2016 and 2015:

	2016	2015
Land and improvements	$ 415,137	$ 413,037
Buildings and improvements	2,324,207	2,324,207
Furniture and equipment	927,384	835,218
Construction in progress	83,834	-
	3,750,562	3,572,462
Less accumulated depreciation	(2,864,753)	(2,757,612)
	$ 885,809	$ 814,850

Note 5 - Endowment

The Association's endowment includes one donor-restricted endowment fund for children's scholarships and funds designated by the Board of Trustees. The Endowment assets are invested along with the Association's other investments (Note 2). The Endowment also includes certain unrestricted net assets designated by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association's Board of Directors has interpreted the Utah 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, unless there are explicit donor stipulations to the contrary. At December 31, 2016 and 2015, there were no such donor stipulations. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted Endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. The Association 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 the donor-restricted endowment fund
- General economic conditions
- The possible effect 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

Investment and Spending Policies

The Association has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Actual returns in any given year vary. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Association has determined to spend $5,000 from the permanent Endowment each year. This amount, determined and adjusted from time to time by the Board of Directors, was effective during 2016 and 2015. In establishing this policy, the Association considered the long-term expected return on the permanent Endowment, and set the withdrawal amount with the objective of maintaining the purchasing power of the permanent Endowment over time.

As of December 31, 2016 and 2015, the Association had the following endowment net asset composition by type of fund:

December 31, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment	$ 2,894,540	$ -	$ -	$ 2,894,540
Donor-restricted for permanent endowment	-	32,338	110,000	142,338
	$ 2,894,540	$ 32,338	$ 110,000	$ 3,036,878

December 31, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted for permanent endowment	$ -	$ 29,217	$ 110,000	$ 139,217
	$ -	$ 29,217	$ 110,000	$ 139,217

Changes in Endowment net assets for the year ending December 31, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
December 31, 2014	$ -	$ 34,172	$ 110,000	$ 144,172
Contributions / deposits	-	-	-	-
Transfers to operating cash	-	(5,000)	-	(5,000)
Investment returns				
Dividends and interest	-	3,776	-	3,776
Unrealized and realized gains	-	(3,731)	-	(3,731)
December 31, 2015	-	29,217	110,000	139,217
Contributions / deposits	2,771,103	-	-	2,771,103
Transfers to operating cash	-	(5,000)	-	(5,000)
Investment returns				
Dividends and interest, net of fees	45,511	4,011	-	49,522
Unrealized and realized gains (losses)	77,926	4,110	-	82,036
December 31, 2016	$ 2,894,540	$ 32,338	$ 110,000	$ 3,036,878

Note 6 - Unrestricted Net Assets

Unrestricted net assets have been designated by the Board of Directors for specific purposes as follows:

	2016	2015
Operating reserve	$ -	$ 1,950,000
Children's field trips	1,752	6,752
Investments	-	1,590,910
Endowment	2,894,540	-
	$ 2,896,292	$ 3,547,662

Note 7 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets at December 31, 2016 and 2015, consist of:

	2016	2015
Adult programs	$ 78,950	$ 24,375
Children's day care program and scholarships	228,056	220,586
Capital improvements	2,995,415	2,871,366
Other projects	4,470	40,498
Unconditional promises to give - time restriction	32,500	32,500
Rosenblatt earnings - children's scholarships	32,338	29,217
	$ 3,371,729	$ 3,218,542

Permanently Restricted

Permanently restricted net assets consist of endowment funds restricted by donors for investment in perpetuity, and held for the benefit of the Association. Distributions from and earnings on endowment funds are available for the purposes specified by the donors. The permanently restricted net assets balance at December 31, 2016 and 2015 of $110,000 represents a permanently restricted donation from The Rosenblatt Charitable Fund. Earnings on this donation are restricted to provide scholarships for children in the Association's Children's Day Care program.

Note 8 - Donated Services, Materials and Facilities

The Association received donated services, materials and facilities of $23,439 and $145,523 during the years ended December 31, 2016 and 2015 respectively. The donated materials primarily represent the donation of food items that are provided to or consumed by participants in the Association's programs as well as improvements to the building. Donated food items are recorded as contributions and as expenses in the statements of activities. The donated improvements were capitalized with the building and improvements.

Note 9 - Lease

During the year ended December 31, 2012, the Association entered into agreements to lease land the Association owns in Duchesne County, Utah for a minimum of three years. Under the terms of the lease agreement the Association is to receive a portion of the proceeds relating to the sale of oil and gas extracted from the property by the lessee. During the years ended December 31, 2016 and 2015, the Association recorded royalties – oil and gas totaling $51,261 and $81,977, respectively.