INDEPENDENCE CENTER
ST. LOUIS, MISSOURI

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

INDEPENDENCE CENTER
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YEARS ENDED JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Independence Center
St. Louis, Missouri

We have audited the accompanying financial statements of Independence Center (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Independence Center

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Independence Center as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
October 24, 2016

INDEPENDENCE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,140,199	$ 2,683,863
Investments	2,222,827	1,634,700
Accounts Receivable (Less Reserve for Medicaid Services of $186,670 and $135,325, Respectively)	843,995	500,912
Unconditional Promises to Give (Less Allowance for Doubtful Accounts of $34,685 and $36,685, Respectively)	113,361	112,150
Accounts Receivable - Affiliates	244,679	257,957
Other Receivables	231,987	-
Other Current Assets	655,028	36,704
Total Current Assets	6,452,076	5,226,286
UNCONDITIONAL PROMISES TO GIVE (Net of Present Value Discount of $67 and $376, Respectively)	9,933	119,039
ACCOUNTS RECEIVABLE - AFFILIATES	124,643	124,643
PROPERTY AND EQUIPMENT		
Land	1,120,180	1,120,180
Buildings and Improvements	4,405,291	4,371,459
Equipment, Furniture, and Fixtures	2,068,350	2,000,801
Automobiles	123,269	89,573
Total Property and Equipment	7,717,090	7,582,013
Less: Accumulated Depreciation	(2,288,740)	(2,068,734)
Net Property and Equipment	5,428,350	5,513,279
OTHER ASSETS (Less Accumulated Amortization of $11,667 and $11,167, Respectively)	19,883	20,383
Total Assets	$ 12,034,885	$ 11,003,630

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2016	2015
CURRENT LIABILITIES		
Current Installments of Long-Term Debt	$ 120,648	$ 115,703
Accounts Payable	194,333	186,307
Accrued Expenses	50,041	267,100
Total Current Liabilities	365,022	569,110
LONG-TERM DEBT, Less Current Installments	2,806,337	2,925,431
Total Liabilities	3,171,359	3,494,541
NET ASSETS		
Unrestricted	8,863,526	7,509,089
Total Net Assets	8,863,526	7,509,089
Total Liabilities and Net Assets	$ 12,034,885	$ 11,003,630

INDEPENDENCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	2016		
	Unrestricted	Temporarily Restricted	Totals
PUBLIC SUPPORT			
Contributions	$ 194,303	$ 11,809	$ 206,112
Special Events, (Net of Expenses of $126,322)	771,355	-	771,355
Program Grants	291,460	-	291,460
Development Grants	238,000	-	238,000
Total Public Support	1,495,118	11,809	1,506,927
REVENUE			
Fees	7,857,759	-	7,857,759
Rental Revenue	-	-	-
Housing Management	133,100	-	133,100
Interest and Dividend Income	122,542	-	122,542
Realized and Unrealized Losses	(109,316)	-	(109,316)
Other Income	198,492	-	198,492
Total Revenue	8,202,577	-	8,202,577
	9,697,695	11,809	9,709,504
NET ASSETS RELEASED FROM RESTRICTIONS	11,809	(11,809)	-
Total Public Support and Revenue	9,709,504	-	9,709,504
PROGRAM SERVICES			
Clinical Services	1,335,737	-	1,335,737
Clubhouse	3,937,360	-	3,937,360
Residential	1,418,320	-	1,418,320
Program Support Services	682,876	-	682,876
Total Program Services Expenses	7,374,293	-	7,374,293
SUPPORT SERVICES			
General and Administrative	804,524	-	804,524
Fundraising	176,250	-	176,250
Total Support Services Expenses	980,774	-	980,774
Total Expenses	8,355,067	-	8,355,067
CHANGES IN NET ASSETS	$ 1,354,437	$ -	$ 1,354,437

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	2015		
	Unrestricted	Temporarily Restricted	Totals
PUBLIC SUPPORT			
Contributions	$ 219,013	$ 8,696	$ 227,709
Special Events, (net of expenses of $103,015)	420,470	-	420,470
Program Grants	283,944	-	283,944
Development Grants	211,210	-	211,210
Total Public Support	1,134,637	8,696	1,143,333
REVENUE			
Fees	7,250,958	-	7,250,958
Rental Revenue	100,000	-	100,000
Housing Management	132,183	-	132,183
Interest and Dividend Income	89,462	-	89,462
Realized and Unrealized Gains	(48,649)	-	(48,649)
Gain on Sale of Property and Equipment	17,756	-	17,756
Other Income	210,187	-	210,187
Total Revenue	7,751,897	-	7,751,897
	8,886,534	8,696	8,895,230
NET ASSETS RELEASED FROM RESTRICTIONS	32,193	(32,193)	-
Total Public Support and Revenue	8,918,727	(23,497)	8,895,230
PROGRAM SERVICES			
Clinical Services	1,511,250	-	1,511,250
Clubhouse	3,805,901	-	3,805,901
Residential	1,674,771	-	1,674,771
Program Support Services	564,165	-	564,165
Total Program Services Expenses	7,556,087	-	7,556,087
SUPPORT SERVICES			
General and Administrative	823,913	-	823,913
Fundraising	200,587	-	200,587
Total Support Services Expenses	1,024,500	-	1,024,500
Total Expenses	8,580,587	-	8,580,587
CHANGES IN NET ASSETS	$ 338,140	$ (23,497)	$ 314,643

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2016 AND 2015

	Unrestricted	Temporarily Restricted	Totals
NET ASSETS - JULY 1, 2014	$ 7,170,949	$ 23,497	$ 7,194,446
CHANGES IN NET ASSETS	338,140	(23,497)	314,643
NET ASSETS - JUNE 30, 2015	7,509,089	-	7,509,089
CHANGES IN NET ASSETS	1,354,437	-	1,354,437
NET ASSETS - JUNE 30, 2016	$ 8,863,526	$ -	$ 8,863,526

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services Expenses					Support Services Expenses			
	Clinical Services	Clubhouse	Residential	Program Support Services	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
CONTRACTUAL PAYROLL AND RELATED EXPENSES									
Contractual Salaries, Benefits, and Taxes	$ 932,924	$ 2,660,621	$ 1,048,530	$ 601,102	$ 5,243,177	$ 624,699	$ 150,091	$ 774,790	$ 6,017,967
OTHER EXPENSES									
Other Personnel	172,768	-	-	-	172,768	-	-	-	172,768
Interest	11,534	82,956	-	4,660	99,150	4,661	932	5,593	104,743
Program Services	29,026	383,338	170,613	-	582,977	-	-	-	582,977
Professional Development	8,915	46,822	11,603	10,679	78,019	13,669	-	13,669	91,688
Occupancy	41,006	183,393	25,068	10,303	259,770	14,019	2,061	16,080	275,850
Supplies and Telephone	25,020	88,776	27,119	6,398	147,313	5,642	997	6,639	153,952
Property Repairs and Maintenance	23,584	66,502	24,300	3,727	118,113	12,292	3,263	15,555	133,668
Vehicle	19,564	137,113	19,077	355	176,109	2,886	-	2,886	178,995
Outside Fees	31,437	83,587	73,863	20,825	209,712	43,290	13,850	57,140	266,852
Marketing	-	4,610	-	-	4,610	71,823	713	72,536	77,146
Reserve for Medicaid Services	15,833	52,500	6,250	-	74,583	-	-	-	74,583
Miscellaneous	-	(59)	-	-	(59)	1,030	2,400	3,430	3,371
Total Expenses, Before Depreciation and Amortization	1,311,611	3,790,159	1,406,423	658,049	7,166,242	794,011	174,307	968,318	8,134,560
DEPRECIATION AND AMORTIZATION	24,126	147,201	11,897	24,827	208,051	10,513	1,943	12,456	220,507
TOTAL EXPENSES	$ 1,335,737	$ 3,937,360	$ 1,418,320	$ 682,876	$ 7,374,293	$ 804,524	$ 176,250	$ 980,774	$ 8,355,067

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services Expenses					Support Services Expenses			
	Clinical Services	Clubhouse	Residential	Program Support Services	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
CONTRACTUAL PAYROLL AND RELATED EXPENSES									
Contractual Salaries, Benefits, and Taxes	$ 938,881	$ 2,523,490	$ 1,313,171	$ 488,377	$ 5,263,919	$ 654,426	$ 186,924	$ 841,350	$ 6,105,269
OTHER EXPENSES									
Other Personnel	222,485	-	-	-	222,485	-	-	-	222,485
Interest	13,002	85,102	-	4,704	102,808	4,706	942	5,648	108,456
Program Services	26,225	396,945	138,999	-	562,169	640	-	640	562,809
Professional Development	6,664	43,967	10,912	6,424	67,967	12,928	-	12,928	80,895
Occupancy	45,340	185,342	22,952	10,764	264,398	14,472	2,154	16,626	281,024
Supplies and Telephone	20,543	94,092	26,145	7,070	147,850	5,872	1,035	6,907	154,757
Property Repairs and Maintenance	17,597	50,895	19,456	2,627	90,575	10,357	2,417	12,774	103,349
Vehicle	9,143	138,120	41,688	604	189,555	2,679	-	2,679	192,234
Outside Fees	69,158	83,385	84,384	15,048	251,975	33,768	1,380	35,148	287,123
Marketing	-	13,103	-	-	13,103	71,334	27	71,361	84,464
Reserve for Medicaid Services	22,500	52,500	6,250	-	81,250	-	-	-	81,250
Miscellaneous	96,782	548	-	-	97,330	1,898	3,685	5,583	102,913
Total Expenses, Before Depreciation and Amortization	1,488,320	3,667,489	1,663,957	535,618	7,355,384	813,080	198,564	1,011,644	8,367,028
DEPRECIATION AND AMORTIZATION	22,930	138,412	10,814	28,547	200,703	10,833	2,023	12,856	213,559
TOTAL EXPENSES	$ 1,511,250	$ 3,805,901	$ 1,674,771	$ 564,165	$ 7,556,087	$ 823,913	$ 200,587	$ 1,024,500	$ 8,580,587

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Unrestricted Contributions, Grants and Earned Services	$ 9,284,620	$ 9,156,813
Cash Paid to Suppliers and Employees	(8,910,913)	(8,317,438)
Interest and Dividend Income Received	122,542	89,462
Interest Paid	(104,743)	(108,456)
Net Cash Provided by Operating Activities	391,506	820,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(727,259)	(421,284)
Sales and Maturities of Investments	29,816	31,917
Proceeds from Disposal of Property and Equipment	-	17,757
Purchases of Property and Equipment	(135,078)	(202,505)
Net Cash Used by Investing Activities	(832,521)	(574,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Promises to Give and Contributions Restricted for Property and Equipment and Related Debt Service	11,500	8,301
Principal Payments on Long-Term Debt	(114,149)	(110,004)
Net Cash Used by Financing Activities	(102,649)	(101,703)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(543,664)	144,563
Cash and Cash Equivalents - Beginning of Year	2,683,863	2,539,300
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,140,199	$ 2,683,863

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	$ 1,354,437	$ 314,643
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	220,507	213,559
Realized and Unrealized Losses on Investments	109,316	48,649
Gain on Sale of Property and Equipment	-	(17,756)
Contributions Restricted for Property and Equipment	(11,500)	(8,301)
Reserve for Medicaid Services	74,583	81,250
Provision for Bad Debt for Promises to Give	(2,000)	3,685
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(417,666)	91,903
Accounts Receivable - Affiliates	13,278	15,329
Unconditional Promises to Give	109,895	118,206
Other Receivables	(231,987)	-
Other Current Assets	(618,324)	16,954
Accounts Payable	8,026	21,858
Accrued Expenses	(217,059)	(79,598)
Net Cash Provided by Operating Activities	$ 391,506	$ 820,381

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Independence Center (the Center) is committed to providing a comprehensive system of high quality programs and services that assists adults in the St. Louis metropolitan area with serious and persistent mental illnesses to live and work in the community, independently and with dignity. The Center promotes rehabilitation and employment, provides educational, social and housing opportunities and offers training in its approach to community based care. In collaboration with Barnes-Jewish Hospital and the BJC HealthCare system, the Center also provides clinical, case management, and Intensive Outpatient Services.

Basis of Accounting

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

Basis of Presentation

The financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*. Under ASC 958, the Organization is required to report 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. Unrestricted net assets includes all net assets which are neither temporarily nor permanently restricted. Temporarily restricted net assets includes contributed net assets for which donor imposed time and/or purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted. Permanently restricted net assets includes contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Description of Program and Support Services

The following program and support services are included in the accompanying financial statements.

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

Description of Program and Support Services (Continued)

Program Services

Clinical Services

Clinical services have been provided at both Community Care, an intensive outpatient program, and Midwest Psychiatry, a psychiatric clinic. Community Care, a portion of the clinical program, closed in May 2015 and provided services to individuals struggling with symptoms to avoid in-patient hospitalization or to transition from inpatient hospitalization to outpatient services. Community Care was operated in conjunction with Barnes-Jewish Hospital and was accredited by The Joint Commission. Midwest Psychiatry offers outpatient medication management and psychotherapy services. The clinic is staffed by board certified psychiatrists from the Department of Psychiatry at Washington University School of Medicine, board certified psychiatric nurse practitioners, licensed clinical social workers, and nursing staff. The clinic is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

Clubhouse

The Clubhouse program provides education, transitional employment training, community support, wellness and other services to more than 1,100 members annually. It is the second largest program of its type and is certified by the International Center for Clubhouse Development, as a training base for Clubhouse – model psychosocial rehabilitation programs.

Residential

The Center is a leader in designing affordable and attractive residential and independent housing communities for its members. This program provides management and services to the members in the Center’s four U.S. Department of Housing and Urban Development (HUD) certified buildings covering seventy-one total units. Thirty of these units at two sites are residential care facilities which provide 24/7 oversight, including meals, dispensing medications and general assistance. The remaining units at two sites provide independent living.

Program Support Services

This program includes such services as housing assistance for mentally ill adults in properties not owned by the Center, and also includes medical records and program outcomes.

Support Services

General and Administrative

These expenses include the functions necessary to maintain the execution of the program strategy, secure proper administrative functioning of the board of directors and manage the financial and budgetary responsibilities of the Center.

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

Description of Program and Support Services (Continued)

Support Services (Continued)

Fundraising

These expenses provide the structure necessary to encourage and secure financial support for the Center through contributions.

Investment Valuation and Income Recognition

Investments in certificates of deposit maturing within one year and investments in mutual funds are classified as current investments. The investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains (losses) on disposal of investments represent the difference between the net sales or proceeds and the current value of such investments at the beginning of the year, or cost if acquired during the year. Donated investments are recorded as revenue at the average trade price on the date of donation and sold as soon as reasonably possible. Unrealized gains (losses) represent the difference between current aggregate market prices of investments at the end of the year and the values of those investments at the beginning of the year, or at the time of purchase if acquired during the year.

Accounts Receivable

Accounts receivable consists primarily of funding due from numerous agencies of the state of Missouri for payment of member rehabilitation and care. Collection and timing of collection receipts is dependent upon the type of services performed and the state agency to which it relates. Management has created an allowance for doubtful accounts which reflects management's best estimate of balances that will not be collected. Management individually reviews all accounts receivable balances that are not current within 30 days and estimates the portion, if any, of the balance that will not be collected. Due to contractual terms of these governmental agreements, no delinquency fees are assessed and no statements are mailed.

Promises to Give

Unconditional promises to give due in future periods are recognized as revenues in the period the promises are received based on the present value of future cash flows. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. An allowance for promises to give of $34,685 and $36,685 is considered necessary by management for the years ended June 30, 2016 and 2015, respectively.

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

Property and Equipment

Property and equipment are stated at cost which, for those received by donation, is the fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Useful lives range from seven to forty years for building and improvements, three to fifteen years for equipment, furniture and fixtures, and five years for automobiles.

Additions, improvements, and renewals that extend the life of an asset are capitalized. Typically, assets over $800 for a single cost center or $1,000 total for multiple cost centers are capitalized. Maintenance and repairs are charged to expense as incurred.

Long-Lived Assets

The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Fair Value Measurements

The Center follows an accounting standard that defines 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). Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets and financial liabilities valued using Level 2 are based on inputs other than quoted prices (interest rates) that are observable for the financial asset or liability. Financial assets valued using Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value that rely on the reporting entity’s own assumptions based on the best information available under the circumstances.

Inputs under this accounting standard refer broadly to the assumptions that market participants would use in pricing the asset or liability.

The asset 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.

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

Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Third-Party Contracts

Revenue under private and public third-party contracts is recorded at the reimbursement rate in effect under provisions of the contractual formulas with the respective third-party. The Center grants credit to these providers based on general credit terms.

Recognition of Donor Restrictions

The Center reports gifts of cash and other assets as 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 of the 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.

Tax Status

The United States Treasury Department has advised that the Center constitutes a qualified not-for-profit organization and is, therefore, exempt from federal income taxes as an entity described in Section 501(c)(3) of the Internal Revenue Code.

Concentration of Credit Risk

The majority of the Center’s cash and cash equivalents are maintained at one bank. The bank provides maximum protection under regulations issued by the Federal Deposit Insurance Corporation (FDIC). There were uninsured deposits for the years ended June 30, 2016 and 2015. The Center's investments are subject to the inherent risks associated with the securities markets.

Cash and Cash Equivalents

The Center considers all highly liquid debt instruments purchased with a maturity of three months or less cash and cash equivalents. The Center often holds certain member cash balances in the Center’s bank accounts. Such amounts, included within accounts payable, total $74,971 and $62,620 at June 30, 2016 and 2015, respectively.

Charity Services

During the years ended June 30, 2016 and 2015, the Center provided unreimbursed charity services of $558,146 and $643,522, respectively, which represent the value of services provided to and for unfunded members.

Advertising Costs

Advertising costs are expensed as incurred and amounted to $4,610 and $12,965 for the years ended June 30, 2016 and 2015, respectively.

NOTE 2 UNCONDITIONAL PROMISES TO GIVE

All of the Center's promises to give are unconditional and are expected to be collected in the following periods at June 30:

	2016	2015
Promises to Give Due in Less Than One Year	$ 113,361	$ 112,150
Promises to Give Due in 1 - 5 Years	10,000	119,415
Total	123,361	231,565
Discount to Record Promises to Give at Present Value	(67)	(376)
Total Unconditional Promises to Give	$ 123,294	$ 231,189

A discount rate of 0.45% and 0.28% was used to record unconditional promises to give at the present value of the future cash flows at June 30, 2016 and 2015, respectively.

NOTE 3 RELATED PARTIES

As of June 30, 2016 and 2015, the Center has advanced funds to other affiliated nonprofit corporations, with some of the same board of directors. These organizations are controlled by an operating agreement with HUD. Collection is intended to be pursued in the next year for the current portion, and thereafter for the long-term portion. The receivable is unsecured. Collection is fully expected, and accordingly, no allowance has been provided. The following amounts are presented as receivables from affiliates as of June 30:

	2016	2015
Center Housing, Inc. (Center II)	$ 28,164	$ 29,121
Center Housing III, Inc. (Center III)	71,629	91,311
Center Housing II, Inc. (Center IV)	144,886	137,525
Current	244,679	257,957
Center Housing III, Inc. (Center III)	61,707	61,707
Center Housing II, Inc. (Center IV)	62,936	62,936
Long-Term	124,643	124,643
Total	$ 369,322	$ 382,600

In addition, the Center has a contractual relationship with Barnes-Jewish Hospital. See Note 11.

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are stated at fair value in accordance with ASC 820, *Fair Value Measurements*. Unrealized gains and losses are computed based on historical cost and quoted market values. Investments consist of certificates of deposit and mutual funds. The fair values are as follows as of June 30:

	2016	2015
Certificates of Deposit	$ 50,914	$ 50,888
Mutual Funds:		
Balanced	1,306,046	1,286,614
Personal Strategy Income	865,867	297,198
Total Investments	$ 2,222,827	$ 1,634,700

The fair values of significant financial assets that are measured on a recurring basis at June 30 are as follows:

	Fair Value Measurements at June 30, 2016 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2016				
Certificates of Deposit	$ 50,914	$ -	$ -	$ 50,914
Mutual Funds				
Balanced	1,306,046	-	-	1,306,046
Personal Strategy Income	865,867	-	-	865,867
Total	$ 2,222,827	$ -	$ -	$ 2,222,827

	Fair Value Measurements at June 30, 2015 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2015				
Certificates of Deposit	$ 50,888	$ -	$ -	$ 50,888
Mutual Funds				
Balanced	1,286,614	-	-	1,286,614
Personal Strategy Income	297,198	-	-	297,198
Total	$ 1,634,700	$ -	$ -	$ 1,634,700

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2016 and 2015.

Mutual funds are valued at the value of shares held by the Center at year-end. Certificates of deposit are valued at fair value by discounting the related cash flows based on current yield of similar instruments with comparable durations considering the creditworthiness of the issuer.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

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

NOTE 5 NOTE PAYABLE – BANK

During the years ended June 30, 2016 and 2015, the Center maintained a revolving loan agreement with its bank with a $500,000 maximum credit limit with a maturity date of December 31, 2016. Interest is payable monthly at the ICE LIBOR rate plus 2% at June 30, 2016 and 2015. At June 30, 2016 and 2015, there was no balance outstanding on this line of credit.

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following at June 30:

Description	2016	2015
Financial institution mortgage bearing interest at a rate of 6.54%, due in monthly principal and interest installments of $3,515 through July 2020, collateralized by real estate and a certificate of deposit.	$ 149,909	$ 180,986
Financial institution mortgage bearing interest at a rate of 3.25%, due in monthly principal and interest installments of $14,694 through August 2023, with a balloon payment of $2,084,719 in August 2023, collateralized by real estate.	2,777,076	2,860,148
Total	2,926,985	3,041,134
Less: Current Installments	(120,648)	(115,703)
Long-Term Debt, Less Current Installments	$ 2,806,337	$ 2,925,431

Aggregate annual maturities of long-term debt at June 30, 2016, are as follows:

Year Ending June 30,	Amount
2017	$ 120,648
2018	125,803
2019	131,209
2020	136,876
2021	102,264
Thereafter	2,310,185
Total	$ 2,926,985

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Net assets that have been released for the years ending June 30, 2016 and 2015, are as follows:

	2016	2015
Center's Clubhouse	$ 11,809	$ 8,696
Program Grant Purposes	-	23,497
Total	$ 11,809	$ 32,193

NOTE 8 LEASES

The Center leases a postage machine under a non-cancelable operating lease which expires in March 2019. The expenses associated with this lease were $1,920 for each of the years ended June 30, 2016 and 2015.

Future minimum lease payments for this lease are as follows as of June 30, 2016:

Year Ending June 30,	Amount
2017	$ 1,920
2018	1,920
2019	1,440
Total	$ 5,280

NOTE 9 GRANTS

The Center has been awarded various federal, state, city, county, and private grants for job development and placement of handicapped psychiatric patients, services and employee training related to the rehabilitation of disabled psychiatric patients, and for the capital campaign for the building.

NOTE 10 THIRD-PARTY CONTRACTS

Part of the Center's services are to patients whose bills are paid in whole or in part by third-party payers, such as the Missouri Department of Behavioral Health, the Missouri Division of Vocational Rehabilitation, and BJC Behavioral Health. Under some of these programs, certain services are reimbursed at less than established rates under provisions of contractual formulas in effect.

NOTE 11 CONTRACTUAL AGREEMENTS

The Center operates under a contractual agreement with Barnes-Jewish Hospital, whereby all personnel are employees of Barnes-Jewish Hospital performing services for both the hospital and the Center. The agreement was renewed effective January 2015.

In addition, other agreements between Barnes-Jewish Hospital and the Center include the amount paid to Barnes-Jewish Hospital as a management fee of $5,000 for the year ended June 30, 2015. There was no management fee for the year ended June 30, 2016. Salary and benefit expenses to Barnes-Jewish Hospital for the years ended June 30, 2016 and 2015, was $6,017,967 and $6,105,269, respectively. The balance due from/(owed to) Barnes-Jewish Hospital at June 30, 2016 and 2015, was $231,987 and $(228,615), respectively.

NOTE 12 INCOME TAXES

The Center has evaluated its tax positions taken for all open tax years. The Center is not currently under audit nor has the Center been contacted by the IRS.

Based on the evaluation of the Center's tax positions, management believes all positions taken would have been upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded as of June 30, 2016 and 2015.

NOTE 13 CONCENTRATION

A significant portion of the Center's revenue comes directly or indirectly through the Missouri Department of Behavioral Health. The Center's revenue for the years ended June 30, 2016 and 2015, from the Missouri Department of Behavioral Health was approximately 65% and 61%, respectively.

NOTE 14 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through October 24, 2016, the date which the financial statements were available to be issued. The Center purchased a piece of property on July 1, 2016, at 4221 Forest Park Ave, St. Louis, MO 63108. The property is adjacent to the Center's main facility and includes an existing building and parking lot. The property was appraised at and purchased for $600,000. This payment was included in other current assets at June 30, 2016. The primary intended use of the new property is to construct a parking lot for use by employees, guests and members.