Consolidated Financial Statements
June 30, 2017 and 2016 (as restated)

A New Leaf, Inc. and Subsidiaries

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Directors
A New Leaf, Inc. and Subsidiaries
Mesa, Arizona

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of A New Leaf, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Correction of an Error
As discussed in Note 16 to the consolidated financial statements, certain errors resulting in an understatement of unrestricted net assets, as well as an overstatement of temporarily restricted net assets as of June 30, 2016, were discovered by management of the Organization during the current year. Accordingly, net assets have been restated as of June 30, 2016 to correct the error. Our opinion is not modified with respect to that matter.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 33 through 40 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That reports is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Phoenix, Arizona
January 24, 2018

	2017	2016 (as restated)
Assets		
Cash and cash equivalents	$ 3,367,062	$ 5,446,814
Cash - designated for direct loan fund	194,480	-
Cash - individual development accounts (IDA) restricted	1,137,376	674,258
Accounts receivable, net	2,206,777	2,081,053
Related party receivable	1,362,062	1,640,218
Promises to give, net	925,770	1,685,618
United Way receivable	180,122	353,327
Prepaid expenses and other assets	227,020	130,454
Note receivable	51,983	53,938
Note receivable, related party	1,217,205	1,103,959
Loans receivable	409,445	-
Allowance for loan loss reserve - loans receivable	(164,762)	-
Investments	25,382	14,018
Investments held for deferred compensation	241,057	183,335
Investment in affiliate	1,402,054	1,451,810
Property and equipment, net	7,030,257	6,604,401
Endowment		
Cash	1,395,423	507,758
Other assets	100,000	100,000
Due from related party	930,861	-
Promises to give, net	576,756	977,217
Total assets	$ 22,816,330	$ 23,008,178
Liabilities and Net Assets		
Accounts payable	$ 479,239	$ 373,162
Accrued expenses and other liabilities	722,739	851,944
Due to related party	53,370	360,688
Deferred compensation liability	241,057	183,335
Deferred revenue	2,081,412	4,307,576
Capital lease obligations	14,338	56,293
Guaranteed loan obligation	163,129	145,012
Line of credit	171,973	-
Notes payable and other liabilities - equity equivalent investments	769,026	360,288
Total liabilities	4,696,283	6,638,298
Net Assets		
Unrestricted	7,455,643	6,697,701
Temporarily restricted	7,661,364	8,087,204
Permanently restricted	3,003,040	1,584,975
Total net assets	18,120,047	16,369,880
Total liabilities and net assets	$ 22,816,330	$ 23,008,178

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Contract revenue	$ 10,155,594	$ -	$ -	$ 10,155,594
Behavioral health revenue	9,706,442	-	-	9,706,442
Contributions	3,467,085	977,098	1,418,065	5,862,248
United Way contributions	989,231	-	-	989,231
Client fees	54,663	-	-	54,663
Gross Bingo revenue	1,158,076	-	-	1,158,076
Less cost of goods sold	(779,781)	-	-	(779,781)
Net Bingo revenue	378,295	-	-	378,295
Interest and other income	124,309	-	-	124,309
Net investment return	(621)	-	-	(621)
Net assets released from restrictions	1,402,938	(1,402,938)	-	-
Total revenue, support, and gains	26,277,936	(425,840)	1,418,065	27,270,161
Expenses and Losses				
Program services expense	19,430,344	-	-	19,430,344
Supporting services expense				
Management and general	4,499,454	-	-	4,499,454
Fundraising and development	1,665,620	-	-	1,665,620
Total supporting services expenses	6,165,074	-	-	6,165,074
Total expenses	25,595,418	-	-	25,595,418
Loss from investment in affiliate	49,756	-	-	49,756
Total expenses and losses	25,645,174	-	-	25,645,174
Transferred Net Assets from Subsidiary	125,180	-	-	125,180
Change in Net Assets	632,762	(425,840)	1,418,065	1,624,987
Net Assets, beginning of year, as restated	6,697,701	8,087,204	1,584,975	16,369,880
Net Assets, end of year	$ 7,455,643	$ 7,661,364	$ 3,003,040	$ 18,120,047

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Contract revenue	$ 10,029,888	$ -	$ -	$ 10,029,888
Behavioral health revenue	9,510,701	-	-	9,510,701
Contributions	3,652,608	3,883,953	345,160	7,881,721
United Way contributions	-	558,823	-	558,823
Client fees	99,906	-	-	99,906
Gross Bingo revenue	1,089,836	-	-	1,089,836
Less cost of goods sold	(765,768)	-	-	(765,768)
Net Bingo revenue	324,068	-	-	324,068
Interest and other income	573,569	-	-	573,569
Net investment return	(4,974)	-	-	(4,974)
Net assets released from restrictions	2,329,915	(2,329,915)	-	-
Total revenue, support, and gains	26,515,681	2,112,861	345,160	28,973,702
Expenses and Losses				
Program services expense	19,494,743	-	-	19,494,743
Supporting services expense				
Management and general	4,658,638	-	-	4,658,638
Fundraising and development	923,038	-	-	923,038
Total supporting services expenses	5,581,676	-	-	5,581,676
Total expenses	25,076,419	-	-	25,076,419
Loss from investment in affiliate	51,229	-	-	51,229
Loss on uncollectable promises to give	-	-	(7,000)	(7,000)
Total expenses and losses	25,127,648	-	7,000	25,134,648
Change in Net Assets	1,388,033	2,112,861	338,160	3,839,054
Net Assets, beginning of year, as previously reported	4,516,423	6,767,588	1,246,815	12,530,826
Correction of an Error	793,245	(793,245)	-	-
Net Assets, beginning of year, as restated	5,309,668	5,974,343	1,246,815	12,530,826
Net Assets, end of year	$ 6,697,701	$ 8,087,204	$ 1,584,975	$ 16,369,880

	Program Services											
	Shelter Services	Youth Services	Behavioral Health	Community Action	Weatherization	Individual Development Accounts	Community Development Financial Institution	Other Programs	Total Program	Management and General	Fundraising and Development	Total
Salaries	$ 2,762,007	$ 2,889,768	$ 3,639,146	$ 318,542	$ 11,329	$ 99,915	$ 30,941	$ 81,093	$ 9,832,741	$ 2,167,919	$ 473,472	$ 12,474,132
Payroll Taxes	233,645	248,077	293,763	27,199	1,194	7,795	-	6,832	818,505	187,239	37,528	1,043,272
Benefits and Other	363,215	438,143	374,852	38,836	1,657	4,827	4,136	4,277	1,229,943	440,233	35,920	1,706,096
Professional Services	70,499	68,571	235,078	30,797	4,504	26,628	21,791	20,082	477,950	461,272	85,510	1,024,732
Advertising, Marketing, Printing	9,746	2,761	6,272	342	40	209	-	1,525	20,895	29,840	182,845	233,580
Supplies and Postage	23,068	16,859	12,872	3,472	235	1,000	148	49,435	107,089	40,731	9,489	157,309
Telephone	105,984	78,428	92,538	12,103	508	1,599	-	2,637	293,797	86,671	5,609	386,077
Occupancy	645,538	336,973	437,799	88,554	9,031	18,025	-	27,192	1,563,112	575,675	3,070	2,141,857
Travel and Vehicles	49,392	128,899	76,731	2,830	82	1,468	-	749	260,151	34,688	12,054	306,893
Interest Expense	-	-	-	-	-	40	5,035	7,154	12,229	66,530	11,548	90,307
Conferences	12,027	3,801	7,957	738	120	240	443	6	25,332	23,088	7,466	55,886
Depreciation	274,809	37,699	26,266	-	-	-	-	4,784	343,558	37,393	1,134	382,085
Insurance	116,675	85,127	85,751	6,432	6,505	1,483	-	5,596	307,569	58,443	9,704	375,716
Equipment Lease/Repair/Maintenance	103,003	39,788	49,458	19,615	847	3,066	-	8,909	224,686	30,400	3,555	258,641
Client Expenses	262,714	35,826	27,904	881,276	407,501	144,135	-	-	1,759,356	32	177,828	1,937,216
Program Expenses	1,029,007	744,014	212,863	3,930	8	156	28,547	-	2,018,525	4,292	342,157	2,364,974
Housing Development	350	-	-	-	-	-	-	669	1,019	-	-	1,019
Bingo Expense	-	-	-	-	-	-	-	-	-	779,781	-	779,781
Bad Debt	8,333	115,063	(60,095)	-	-	-	10,220	-	73,521	(26,520)	70,192	117,193
Event Expenses	11,419	-	-	-	-	-	-	-	11,419	1,367	170,945	183,731
Contribution	-	-	-	-	-	-	-	-	-	248,254	-	248,254
Miscellaneous Expense	11,576	11,869	15,064	1,803	1,093	355	-	7,187	48,947	31,907	25,594	106,448
	6,093,007	5,281,666	5,534,219	1,436,469	444,654	310,941	101,261	228,127	19,430,344	5,279,235	1,665,620	26,375,199
Less expenses included with revenues on the consolidated statement of activities												
Bingo cost of goods sold	-	-	-	-	-	-	-	-	-	(779,781)	-	(779,781)
Total expenses included in the expense section on the consolidated statement of activities	$ 6,093,007	$ 5,281,666	$ 5,534,219	$ 1,436,469	$ 444,654	$ 310,941	$ 101,261	$ 228,127	$ 19,430,344	$ 4,499,454	$ 1,665,620	$ 25,595,418

	Program Services										
	Shelter Services	Youth Services	Behavioral Health	Community Action	Weatherization	Individual Development Accounts	Other Programs	Total Program	Management and General	Fundraising and Development	Total
Salaries	$ 2,508,060	$ 3,242,451	$ 3,383,282	$ 266,201	$ 51,956	$ 62,617	$ 83,193	$ 9,597,760	$ 2,244,663	$ 442,263	$ 12,284,686
Payroll Taxes	226,064	295,730	280,446	22,495	4,097	5,838	6,819	841,489	180,578	34,140	1,056,207
Benefits and Other	315,317	420,160	332,466	43,048	7,418	2,767	7,866	1,129,042	390,775	27,693	1,547,510
Professional Services	29,032	29,173	270,775	53,908	550	31,359	18,210	433,007	725,379	5,451	1,163,837
Advertising, Marketing, Printing	6,745	5,920	1,990	432	-	80	180	15,347	22,255	10,150	47,752
Supplies and Postage	21,412	22,006	16,057	2,835	178	973	1,041	64,502	43,583	1,658	109,743
Telephone	90,666	90,008	96,601	9,342	1,629	2,353	1,120	291,719	77,557	3,002	372,278
Occupancy	566,310	389,021	528,573	76,026	3,896	9,172	45,110	1,618,108	507,859	586	2,126,553
Travel and Vehicles	56,258	121,189	70,598	4,368	1,266	1,528	1,544	256,751	50,265	716	307,732
Interest Expense	528	505	906	-	-	-	8,560	10,499	67,783	2,241	80,523
Conferences	7,608	670	3,026	2,392	750	-	(133)	14,313	31,170	1,861	47,344
Depreciation	253,874	31,125	19,515	-	-	-	4,458	308,972	33,102	1,115	343,189
Insurance	101,129	97,652	85,952	3,923	1,869	690	3,923	295,138	101,987	12,313	409,438
Equipment Lease/Repair/Maintenance	32,192	26,922	32,959	14,583	606	1,324	644	109,230	66,956	181	176,367
Client Expenses	588,224	86,358	38,137	951,436	334,961	186,935	-	2,186,051	39	199,707	2,385,797
Program Expenses	639,769	1,109,303	218,110	5,929	145	228	-	1,973,484	4,927	100,953	2,079,364
Housing Development	-	-	-	-	-	-	25,328	25,328	-	-	25,328
Bingo Expense	-	-	-	-	-	-	-	-	765,768	-	765,768
Bad Debt	-	94,640	171,078	-	-	-	-	265,718	58,500	-	324,218
Event Expenses	13,040	-	-	-	-	-	-	13,040	-	46,230	59,270
Miscellaneous Expense	7,664	13,700	10,523	1,155	2,035	49	10,119	45,245	51,260	32,778	129,283
	5,463,892	6,076,533	5,560,994	1,458,073	411,356	305,913	217,982	19,494,743	5,424,406	923,038	25,842,187
Less expenses included with revenues on the consolidated statement of activities											
Bingo cost of goods sold	-	-	-	-	-	-	-	-	(765,768)	-	(765,768)
Total expenses included in the expense section on the consolidated statement of activities	$ 5,463,892	$ 6,076,533	$ 5,560,994	$ 1,458,073	$ 411,356	$ 305,913	$ 217,982	$ 19,494,743	$ 4,658,638	$ 923,038	$ 25,076,419

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ 1,624,987	$ 3,839,054
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	382,085	343,189
Amortization of discount on promises to give and notes receivable	111,772	6,428
Change in allowance for promises to give	(637,427)	-
Bad debt	10,220	-
Realized and unrealized loss on investments	621	4,974
Loss on uncollectable promises to give	-	7,000
Deferred compensation expense	57,722	66,326
Debt forgiveness of related party note payable	-	(985,000)
Donation of land from related party	(232,769)	-
Net investment return on deferred compensation plan assets	(21,280)	(2,269)
Net loss from investment in affiliate	49,756	51,229
Donated investments	-	(18,812)
Contributions restricted to endowment	(8,329)	(332,003)
Net guaranteed loan obligations	18,117	(48,238)
Changes in operating assets and liabilities		
Cash - individual development accounts (IDA) restricted	(463,118)	(177,169)
Accounts receivable	249,299	(1,713)
Related party receivable	170,925	673,299
Promises to give	875,086	(257,770)
United Way receivable	173,205	212,265
Prepaid expenses and other assets	(96,226)	29,761
Accounts payable	89,299	(354,710)
Accrued expenses and other liabilities	(156,493)	(207,758)
Due to related party	(307,318)	(1,159,338)
Deferred revenue	(2,229,368)	811,236
Net Cash from (used for) Operating Activities	(339,234)	2,499,981
Cash Flows used for Investing Activities		
Purchases of property and equipment	(467,941)	(99,552)
Purchases of deferred compensation plan assets	(36,442)	(64,057)
Proceeds from sale of investments	(11,985)	10,330
Issuance of notes receivable	(300,000)	-
Collections on notes receivable	1,955	1,020
Loan receivable origination and payments, net	(41,694)	-
Collections of contributions restricted to endowment	462,856	278,736
Net deposits to endowment	(708,664)	(278,736)
Cash transfers to endowment for donor reclassification	(608,283)	-
Net Cash used for Investing Activities	(1,710,198)	(152,259)

	2017	2016
Cash Flows from Financing Activities		
Payments on capital lease obligations	(41,955)	(40,414)
Payments on long-term debt	(138,231)	(79,049)
Net Cash used for Financing Activities	(180,186)	(119,463)
Net Change in Cash and Cash Equivalents	(2,229,618)	2,228,259
Cash and Cash Equivalents, beginning of year	5,446,814	3,218,555
Transferred Cash from Subsidiary	344,346	-
Cash and Cash Equivalents, end of year	$ 3,561,542	$ 5,446,814
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 87,057	$ 78,954
Non-Cash Financing Transactions		
Donation of land received from related party to satisfy debt obligation	$ 107,231	$ -

Note 1 - Principal Activity and Significant Accounting Policies

Organization

A New Leaf, Inc. (Leaf) is an Arizona nonprofit corporation providing health and welfare services within Maricopa County. Leaf's mission is Helping Families and Changing Lives by providing emergency services and shelter to the homeless and victims of domestic violence; by providing community behavioral health services and programs; and by providing youth residential treatment centers and services. The vision at Leaf is to provide hope, new beginnings, growth and change for individuals and families who aspire to turn over a new leaf. Leaf's major programs are discussed below:

- *Shelter Services* – This program provides emergency shelter, basic needs, case management, childcare and education classes for homeless individuals and families and for victims of domestic violence and their children. Ancillary services include a temporary overflow program utilized when domestic violence shelters are full, a court advocate program, family advocacy services, and crisis hotlines.

- *Youth Services* – Leaf's youth services include contractual residential and outpatient treatment centers.

- *Behavioral Health* – Leaf's community behavior health programs for children provide support for mental and behavioral health issues as supported by contractual agreements. Services include, but are not limited to, medical/psychiatric, case management, family support, therapy, social rehabilitation, facility-based after school and summer care, and youth intervention/respite.

Mesa Community Action Network, Incorporated (MesaCAN) is a non-profit organization established September 3, 1986 as the community action program for the City of Mesa, Arizona. It serves as the vehicle whereby both governmental and private funding are brought together to assist in meeting the human service needs in the City of Mesa and surrounding areas. MesaCAN's major programs are as follows:

- *Community Action Program* – This program offers financial and case management services to individuals and families who are facing an immediate crisis which impacts their housing, utilities, health and safety. City of Mesa residents apply and are qualified based on poverty guidelines, household size, and state regulations.

- *Weatherization* – This program offers financial assistance to individuals and families who are in need of weatherization assistance for their homes. This includes replacement of air conditioning, heaters, heat pumps, weather stripping, lighting, inefficient appliances, and windows.

- *Individual Development Accounts* – Individual Development Accounts (IDAs) are savings accounts held by individuals at designated local banks and credit unions to help working individuals and families save for homeownership and educational expenses. MesaCAN does not have access to the individual accounts as they are owned exclusively by the participants. Upon meeting the criteria of the IDA program, matching funds are disbursed to appropriate parties for asset purchases or payment of tuition and similar fees.

Neighborhood Economic Development Corporation (NEDCO) is a Community Development Financial Institution which began its operations on August 1, 1997. NEDCO's mission is to finance economic development initiatives in low/moderate income neighborhoods in Arizona. NEDCO's primary focus is community development lending to businesses for expansion and to other community development projects. Building upon its unique relationship to financial institutions, NEDCO also provides technical assistance to businesses as well as neighborhood groups on community development projects.

Principles of Consolidation

A New Leaf, Inc. is the sole member of La Mesita Apartments, LLC and La Mesita Apartments Phase 3, LLC. La Mesita Apartments, LLC, is the general partner in the La Mesita Apartments, LP with a 0.01% share. La Mesita Apartments Phase 3, LLC, is the general partner and Michael Hughes, Leaf CEO, is the limited partner in the La Mesita Apartments Phase 3, LP. Any activity is included in the consolidated A New Leaf, Inc. financial statements. To date, there has been no activity in La Mesita Apartments Phase 3, LLC. The total investment held by La Mesita Apartments, LLC and La Mesita Apartments, Phase 3, LLC amounted to less than $100 and has not been included in the attached audited consolidated financial statements due to immateriality.

In October 2006, the board of directors of MesaCAN amended its articles of incorporation to evidence Leaf as the sole member of MesaCAN. MesaCAN retained its legal status as a separate 50l(c)(3) organization. In October 2016, the board of directors of Neighborhood Economic Development Corporation amended its articles of incorporation to evidence Leaf as the sole member of NEDCO effective January 1, 2017.

The consolidated financial statements include the accounts of Leaf, MesaCAN, and NEDCO because Leaf has both control and an economic interest in MesaCAN and NEDCO. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization."

Community Development Financial Institution

A CDFI is a specialized financial institution generally working in local markets that are underserved by traditional financial institutions. A CDFI focuses on community development activities that rebuild disinvested communities through a variety of lending, investment, social support, and educational activities.

Cash and Cash Equivalents

The Organization 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. Certain cash is restricted to use for IDAs and is required to be held in a separate account.

Cash Designated for Lending and Cash Held for Loan Loss Reserves

NEDCO receives loans and grant funds from various sources to be used for loans receivable to new or existing small businesses or as cash reserves for loan losses. These loans are included in notes payable in the accompanying consolidated statements of financial position. These funds are maintained in separate bank accounts. At June 30, 2017, NEDCO had $194,480 in these accounts as cash designated for lending that are to be used to fund additional loans.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due from contracts and grants. 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. For the years ended June 30, 2017 and 2016, the allowance was $92,938 and $134,464, respectively.

The Organization has three related party note receivables as described more fully in Note 15. Notes receivables represent amounts due under extended payments terms exceeding one year. The notes carry interest rates varying from 0% - 6.5%, with payments applied first to unpaid interest balances and any remainder to the principal balance. The Organization evaluates the collectability of the balances based upon historical experience and the specific circumstances of individual notes, with an allowance for uncollectible amounts being provided, if necessary.

Loans Receivable

Loans are reported at their outstanding unpaid principal balance adjusted for the allowance for loan losses.

Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 120 days delinquent unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. Loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on non-accrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Organization has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on its consolidated financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-impaired loans and is based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions; changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; and concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

A loan is considered impaired when, based on current information and events, it is probable that NEDCO will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for business loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent.

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 consolidated statement 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. For the years ended June 30, 2017 and 2016, the allowance was $154,099 and $750,000, respectively.

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 consolidated statements of financial position. Net investment gain/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses.

Investments in Affiliated Entities

The equity method of accounting is used when the Organization has a 20% to 50% interest in other entities. Under the equity method, original investments are recorded at cost and adjusted for the Organization's share of undistributed earnings or losses of these entities. Nonmarketable investments in which the Organization has less than a 20% interest and in which it does not have the ability to exercise significant influence over the investee are initially recorded at cost, and periodically reviewed for impairment.

Property and Equipment

Property and equipment additions over $10,000 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 35 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 consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are currently expensed.

The Organization 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 carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2017 and 2016.

Equity Equivalent Investment

Equity Equivalent Investment (EQ2): EQ2 is a bank capital product supported by The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation used to encourage banks and certain other entities to invest in CDFIs, such as NEDCO. This financial tool permits a CDFI to strengthen its capital structures and leverage additional debt capital thereby, increase lending and investing in its economically disadvantaged communities.

An EQ2 is a long-term, low-interest loan that is typically structured with a rolling maturity and an automatic annual extension of the loan, as long as the borrower carries out its community development purposes. The equity equivalent investment is carried on the investor's balance sheet as an investment and on the CDFI's balance sheet as debt. EQ2 is secured by any of the CDFI's assets and is fully subordinate to the CDFI's other creditors.

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.
>
> *Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization 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 Organization's board of directors.

The Organization 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 consolidated statement 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 Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization 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.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization’s program services, administration, and fundraising and development activities; however, the consolidated 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 Organization records donated professional services at the respective fair values of the services received (Note 13).

Advertising Costs

Advertising costs are expensed as incurred and equaled $233,108 and $47,402 for the years ended June 30, 2017 and 2016, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement 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

Leaf, MesaCAN and NEDCO are organized as Arizona nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) and have been determined not to be private foundations under Section 509(a)(1). Accordingly, contributions to them qualify for the charitable contribution deduction under Section 170(b)(1)(A). Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are generally subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Leaf and NEDCO have determined they are not subject to unrelated business income tax (UBIT) and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. MesaCAN has determined it is subject to the unrelated business income tax and files a Form 990-T, and the related state return. However, because the amount of MesaCAN UBIT is immaterial, tax expense is recorded as paid, rather than as incurred.

Management believes that it has appropriate support for any income tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization 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 consolidated 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 consolidated 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 Organization 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 Organization 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 Organization's mission.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probably and an amount or range of loss can be reasonably estimated. Management does not believe there are such matters that will have a material effect on the consolidated financial statements.

Note 2 - Promises to Give

Unconditional promises to give are estimated to be collected as of June 30:

	2017	2016
Within one year	$ 445,350	$ 790,180
Endowment - within one year	356,647	480,854
In one to five years	610,261	1,140,517
Endowment - one to five years	299,041	1,130,940
	1,711,299	3,542,491
Less discount to net present value (at rates averaging 4%)	(54,674)	(129,656)
Less allowance for doubtful accounts	(154,099)	(750,000)
	$ 1,502,526	$ 2,662,835

At June 30, 2017 and 2016, three donors accounted for 61% and 53% of gross promises to give, respectively. Promises to give, net of allowance and discount, were restricted to permanent endowment in the amount of $576,756 and $977,217 as of June 30, 2017 and 2016, respectively.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset 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, 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 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 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 that the Organization can access at the measurement date.

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

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

In some cases, the inputs used to measure the fair value of an asset 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. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset.

A significant portion of the Organization's investment assets are classified within Level 2 because they are comprised of debt investments valued using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions. Corporate equities are classified within Level 1 because the equities have readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at June 30, 2017:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Corporate equities	$ 25,382	$ 25,382	$ -	$ -
Deferred compensation assets				
Pooled separate funds				
Equity fund	$ 151,848	$ -	$ 151,848	$ -
Target date retirement fund	40,621	-	40,621	-
Interest bearing fund	20,415	-	20,415	-
Bond fund	28,173	-	28,173	-
	$ 241,057	$ -	$ 241,057	$ -

The following table presents assets measured at fair value on a recurring basis at June 30, 2016:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Corporate equities	$ 14,018	$ 14,018	$ -	$ -
Deferred compensation assets				
Pooled separate funds				
Equity fund	$ 112,194	$ -	$ 112,194	$ -
Target date retirement fund	29,495	-	29,495	-
Interest bearing fund	17,404	-	17,404	-
Bond fund	24,242	-	24,242	-
	$ 183,335	$ -	$ 183,335	$ -

The following table presents the fair value hierarchy for the balances of financial assets measured at fair value on a nonrecurring basis as of June 30, 2017:

	Total	Level 1	Level 2	Level 3
Impaired loans	$ 153,920	$ -	$ -	$ 153,920
	$ 153,920	$ -	$ -	$ 153,920

The fair value of impaired loans is estimated based on either the loan's obtainable market price of the fair value of the collateral if the loan is collateral dependent or the discounted cash flows of future payments. Each method contains significant unobservable inputs and thus is classified as Level 3 fair value measurement. Valuation techniques and unobservable input disclosures are not included herein, as impaired loans are 100% reserved for based on facts and circumstances.

Note 4 - Loans Receivable

A summary of loans receivable by major category follows as of June 30, 2017:

Business loans	$ 409,445
Allowance for loan losses	(164,762)
Total loans receivable, net allowance	$ 244,683

The following table presents the activity in the allowance for loan losses by portfolio segment for the year ended June 30, 2017 and the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment based on impairment method as of June 30, 2017:

	Business Loans	Total
Allowance for Credit Losses		
Balance at beginning of period	$ 155,075	$ 155,075
Charge-offs	(533)	(533)
Recoveries	-	-
Provisions	10,220	10,220
Balance at end of period	$ 164,762	$ 164,762
Individually evaluated for impairment	$ 153,920	$ 153,920
Collectively evaluated for impairment	10,842	10,842
Balance at end of period	$ 164,762	$ 164,762
Loans and Financing Receivables		
Individually evaluated for impairment	$ 153,920	$ 153,920
Collectively evaluated for impairment	255,525	255,525
Balance at end of period	$ 409,445	$ 409,445

Credit Quality Indicators

NEDCO categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, collateral adequacy, credit documentation, public information and current economic trends, among other factors. NEDCO analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes business loans. This analysis is performed on an ongoing basis as new information is obtained. NEDCO uses the following definitions for risk ratings:

Pass – Loans classified as pass represent loans that are evaluated and are performing under the stated terms. Pass rated assets are analyzed by the paying capacity, the current net worth, and the value of the loan collateral of the obligor.

Non-Pass – Loans classified as non-pass possess weaknesses that require management attention, such as being inadequately protected by the current net worth, paying capacity of the obligor, or by the collateral pledged. Non-pass loans must have a well-defined weakness or weaknesses that jeopardize the repayment of the debt as originally contracted. They are characterized by the distinct possibility that NEDCO may sustain a loss if the deficiencies are not correct. Loans in this category are allocated a specific reserve based on the estimated discounted cash flows from the loan (or collateral value less cost to sell for collateral dependent loans) or are charged off if deemed uncollectible.

Based on the most recent analysis performed, the risk category of loans by class of loans as of June 30, 2017 was as follows:

	Pass	Non-Pass
Business loans	$ 255,525	$ 153,920
Total	$ 255,525	$ 153,920

NEDCO's loan portfolio is managed on a pool basis due to its' homogeneous nature. Loans that are delinquent 120 days or more or are not accruing interest are considered nonperforming. The following table presents the recorded investments in NEDCO's loan portfolio by class based on payment activity as of June 30, 2017:

	Still Accruing		
	30-89 Days Past Due	Over 90 Days Past Due	Nonaccrual Balance
Business loans	$ 90,426	$ 16,580	$ 138,704
Total	$ 90,426	$ 16,580	$ 138,704

The following tables summarize individually impaired loans by class of loans as of June 30, 2017:

	Recorded Investment	Unpaid Principal Balance	Average Recorded Investment	Interest Income Recognized
With a specific allowance recorded				
Business loans	$ 153,920	$ 153,920	$ 153,920	$ 251
	$ 153,920	$ 153,920	$ 153,920	$ 251

Impaired loans also include loans modified in a troubled debt restructuring (TDR) where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collections.

	Extended Maturity	Payment Reduction	Interest Rate Reduction at Below Market Rate	Total
Business loans	$ 112,446	$ -	$ -	$ 112,446
	$ 112,446	$ -	$ -	$ 112,446

Note 5 - Investment in Affiliate

The Organization's investment in a business venture is being recorded on the equity method. The Organization has not received distributions from this investment.

Summary information on the equity method investment is as follows:

	Prospect Park, LP
Investment value at June 30, 2015	$ 1,503,039
Net loss	(51,229)
Investment value at June 30, 2016	$ 1,451,810
Net loss	(49,756)
Investment value at June 30, 2017	$ 1,402,054

Summarized financial statement information of the affiliate as of and for the year ended June 30, 2017 is as follows:

Statement of Financial Position	
Total assets	$ 1,484,672
Total liabilities	$ 56,355
Unrestricted net assets	1,428,317
Total liabilities and unrestricted net assets	$ 1,484,672
Statement of Activities	
Revenue	$ 327,812
Expenses	301,552
Change in unrestricted net assets	$ 26,260

Note 6 - Property and Equipment

Property and equipment consists of the following as of June 30:

	2017	2016
Land	$ 1,560,181	$ 1,220,181
Buildings	4,212,369	4,212,369
Building improvements	2,124,115	2,111,675
Computer software	191,447	178,790
Leased equipment	160,790	160,790
Vehicles	229,882	47,903
Furniture and fixtures	640,213	353,001
	9,118,997	8,284,709
Less accumulated depreciation and amortization	(2,088,740)	(1,680,308)
	$ 7,030,257	$ 6,604,401

Note 7 - Line of Credit

The Organization had a $1,000,000, unsecured, revolving line of credit, bearing interest at an adjustable rate equal to the bank's Prime Rate, 4.25%, plus 0.5%. The line of credit originally expired April 30, 2017 and was extended through July 30, 2018. As of June 30, 2017 and 2016, there was no unpaid balance on this line of credit.

NEDCO has entered into two revolving lines of credit dated April 2009 and July 2010. The lines of credit are to provide loans to micro-enterprises through a CDBG funded Downtown Mesa Business Development Loan Program. The amount of financial assistance is not to exceed $225,000 and $177,379, respectively. The lines of credit mature on June 30, 2018 and June 30, 2017, respectively. At the time of issuance, NEDCO has been in negotiations with City of Mesa to renew the terms of the lines of credit. As of June 30, 2017, the outstanding balance on the lines of credit was $171,973.

Note 8 - Guaranteed Loan Obligation

Leaf has guaranteed certain debt obligations totaling $4,936,825 and $2,072,043 as of June 30, 2017 and 2016, respectively, for the PRE-HAB Foundation (the Foundation), an Arizona non-profit corporation related through common management, and La Mesita Apartments Phase 3, LP (La Mesita). The first obligation bears an adjustable rate interest equal to the sum of the five year Treasury Constant Maturity Index (1.63% as of June 30, 2017 and 2016) plus 2.5% and is payable in monthly installments by the Foundation through October 2020. The second obligation bears an adjustable rate interest equal to the LIBOR (0.19% as of June 30, 2017 and 2016) plus 2.05% and is payable in monthly installments by the Foundation through April 2022. The third obligation is for La Mesita and bears an adjustable rate interest equal to the LIBOR (0.19% as of June 30, 2017 and 2016) plus 275 basis points. Leaf does not anticipate default by the Foundation or La Mesita. Leaf's liability for these guarantees is presented as guaranteed loan obligations in the accompanying consolidated statements of financial position totals $163,129 and $145,012 for the years ended June 30, 2017 and 2016, respectively. Reduction of the liability due to repayment of the debts by the Foundation and La Mesita is recognized as contribution revenue in the accompanying consolidated statement of activities and totaled $48,183 and $48,238 for the years ended June 30, 2017 and 2016, respectively.

Outstanding balances of guaranteed loans presented in the consolidated statements of financial position are as follows for:

	2017	2016
Loan guarantee on behalf of PRE-HAB Foundation, matures October 2022	$ 96,589	$ 141,663
Loan guarantee on behalf of PRE-HAB Foundation, matures April 2020	240	3,349
Loan guarantee on behalf of La Mesita Apartments Phase 3, LP, matures December 2017	66,300	-
	$ 163,129	$ 145,012

The following is a schedule of expected repayment and corresponding reduction of the guaranteed loan obligations for:

2018	$ 98,736
2019	25,757
2020	19,318
2021	12,879
2022	6,439
	$ 163,129

The La Mesita Apartments Phase 3 loan was paid off on January 2, 2018 and the corresponding Leaf guarantee of $66,300 was released.

Note 9 - Notes Payable and Other Liabilities – Equity Equivalent Investments (EQ2)

Notes payable and other liabilities – equity equivalent investments consist of the following for years ending June 30:

	2017	2016
Unsecured note payable to financial institution Equity equivalent investment agreement maturing on May 5, 2019, due in 8 quarterly installment payments of interest and principal in the amount of $31,250 with a final balloon payment of the principal balance, plus accrued interest, at maturity. Interest of 2.0% per annum.	$ 250,000	$ 250,000
Unsecured note payable to financial institution Local Initiative Support Corporation loan expiring May 31, 2020. Interest at 6.0% per annum payable monthly, accruing from the date of each disbursement.	49,026	60,288
Unsecured note payable to Arizona Community Foundation Recoverable grant from Community Foundation maturing on January 1, 2020 with 0.0% interest with a final balloon payment due on earlier of maturity date or date project is sold.	50,000	50,000
EQ2 unsecured note payable with National Bank of Arizona, interest due quarterly at 2.0%. Principal and outstanding interest originally due on July 23, 2011 and was extended through July 23, 2021.	50,000	-
EQ2 unsecured note payable with National Bank of Arizona, interest due quarterly at 2.0%. Principal and outstanding intreest originally due on December 31, 2014 and was extended through December 23, 2024.	50,000	-
EQ2 unsecured note payable with National Bank of Arizona, interest due quarterly at 3.0%. Principal and outstanding interest matures December 31, 2017.	50,000	-
EQ2 unsecured note payable with Johnson Bank with interest rate of 3%, principal and accumulated interest due March 1, 2023.	25,000	-
EQ2 unsecured note payable with Comerica Bank originating September 18, 2008 and maturing December 31, 2018 with interest rate of 3.0%. Interest payments waived from inception. Principal due in full on scheduled date of maturity. To be used to finance economic development and other community development projects.	50,000	-
EQ2 unsecured note payable with Comerica Bank originating November 5, 2009 and maturing November 30, 2019 with interest rate of 3.0%. Interest waived from inception. Principal due in full on scheduled date of maturity. To be used to finance economic development and other community development projects.	45,000	-
Note payable with RAZA Development originally for $300,000. Modified October 22, 2015 to a $150,000 commitment. Quarterly interest at .78% and matures December 21, 2019.	150,000	-
	$ 769,026	$ 360,288

Future maturities of notes payable and other liabilities – equity equivalent investments are as follows as of June 30:

2018	$ 50,000
2019	300,000
2020	294,026
2021	-
2022	50,000
Thereafter	75,000
	$ 769,026

The Organization is subject to restrictive covenants as part of the loan agreements.

Note 10 - Leasing Activity

The Organization leases office and program space under various operating leases and equipment under various capital leases expiring at various dates through 2022.

Future minimum lease payments are as follows:

	Capital Leases	Operating Leases
2018	$ 14,450	$ 940,651
2019	-	946,753
2020	-	929,315
2021	-	107,265
Total minimum lease payments	14,450	$ 2,923,984
Less amount representing interest	(112)	
Capital lease obligation	$ 14,338	

Total rent expense for the years ended June 30, 2017 and 2016 totaled $1,298,890 and $1,308,812, respectively. Of these amounts, $735,480 and $787,080 were paid to related parties for the years then ended, respectively.

Leased property under capital leases as of June 30 includes:

	2017	2016
Leased equipment	$ 160,790	$ 160,790
Less accumulated depreciation	(150,741)	(110,544)
	$ 10,049	$ 50,246

The Organization is the lessor of office space under operating lease agreements expiring through 2056. Future income under these leases is as follows:

2018	$ 104,088
2019	61,838
2020	37,085
2021	37,085
2022	37,085
Thereafter	1,131,473
Total minimum future rentals	$ 1,408,654

Property held for lease includes the following as of June 30:

	2017	2016
Buildings	$ 637,208	$ 637,208
Less accumulated depreciation	(159,302)	(141,096)
	477,906	496,112
Land	400,000	400,000
	$ 877,906	$ 896,112

Note 11 - Endowment

The Endowment consists of a fund established by donors to provide annual funding for specific activities and general operations of La Mesita Apartments. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. There were no unrestricted net assets designated for Endowment by the board of directors. The board of directors has interpreted the Arizona 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 June 30, 2017, there were no such donor stipulations. As a result of this interpretation, the Organization classified 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 board of directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose 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 Organization will not utilize earnings on any donor restricted endowments until the basis of such endowment reaches $1,000,000. After the minimum basis is reached, the board of directors may release up to 3.0% of earnings from the previous calendar year for uses designated by them within guidelines of any restrictions. Earnings on the Endowment were immaterial for the years ended June 30, 2017 and 2016 and were not recorded.

Changes in Endowment net assets for the year ended June 30, 2017, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 1,584,975	$ 1,584,975
Contributions	-	-	862,266	862,266
Discount amortization	-	-	21,368	21,368
Change in endowment pledge allowance	-	-	534,431	534,431
Endowment net assets, end of year	$ -	$ -	$ 3,003,040	$ 3,003,040

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 1,246,815	$ 1,246,815
Contributions	-	-	332,003	332,003
Discount amortization	-	-	13,157	13,157
Loss on uncollectable promise to give	-	-	(7,000)	(7,000)
Endowment net assets, end of year	$ -	$ -	$ 1,584,975	$ 1,584,975

Note 12 - Restricted Net Assets

Temporarily Restricted

Temporarily restricted net assets are as follows as of June 30:

	2017	2016 (as restated)
Restricted by donors for		
La Mesita Phase 2	$ 2,205,000	$ 2,205,000
East Valley Men's Shelter	1,456,363	1,456,364
La Mesita Capital Campaign	-	2,238,845
La Mesita Program Services	2,641,015	962,173
La Mesita Supportive Services	-	13,834
Shelter Services	27,547	-
IDA Program	1,047,889	929,988
West Valley Community Behavorial Health Center Physical Improvements Program	200,000	200,000
Rapid Rehousing	-	80,000
Faith House	82,550	-
After School Program	1,000	1,000
Total temporarily restricted net assets	$ 7,661,364	$ 8,087,204

Net assets released from restrictions were as follows for the years ended June 30:

	2017	2016
Satisfaction of purpose restrictions		
La Mesita Program Services	$ 254,813	$ 760,416
IDA Program	143,551	129,220
La Mesita Capital Campaign	910,739	327,291
La Mesita Supportive Services	13,835	127,910
Rapid Rehousing	80,000	80,000
Shelter Services	-	848,573
Faith House	-	48,667
East Valley Men's Shelter	-	7,838
Total releases of temporarily restricted net assets	$ 1,402,938	$ 2,329,915

Note 13 - Donated Professional Services and Materials

The Organization received professional services and materials as follows during the year ended June 30, 2017:

	Program Services			
	Shelter Services	Behavioral Health	Management and General	Total
Rent	$ 257,424	$ 71,778	$ 71,273	$ 400,475
Shelter client assistance	188,872	-	-	188,872
Supplies	387,546	-	138	387,684
Food	454,262	-	-	454,262
Marketing	-	-	498	498
Entrance fees	-	-	19,871	19,871
Other professional services	-	-	63,678	63,678
	$ 1,288,104	$ 71,778	$ 155,458	$ 1,515,340

The Organization received professional services and materials as follows during the year ended June 30, 2016:

	Program Services			
	Shelter Services	Behavioral Health	Management and General	Total
Rent	$ 257,424	$ 71,778	$ 70,050	$ 399,252
Shelter client assistance	635,582	-	-	635,582
Supplies	200,264	-	6,202	206,466
	$ 1,093,270	$ 71,778	$ 76,252	$ 1,241,300

Note 14 - Employee Benefits

Defined Contribution Plan

The Organization sponsors a defined contribution plan (the Plan) qualified under Section 401(k) of the Internal Revenue Code covering substantially all full-time employees. The Plan provides that employees who have attained the age of 21 and completed one year of service can voluntarily contribute a percentage of their salary to the Plan, up to the maximum contribution allowed by the IRS. As of January 1, 2014, the Organization implemented a Safe Harbor Provision into their Plan. Employees qualifying for the Plan and working a minimum of one thousand hours are eligible for the Safe Harbor Provision. Employer contributions to the Plan are discretionary and require board approval. The Organization matches employee contributions up to 50% of the first 4% of deferrals, and vest at a graduated rate over 4 years of employment. During the years ended June 30, 2017 and 2016, the Organization matched employee voluntary contributions up to 50% of the first 4% of deferrals, resulting in contributions to the Plan of $101,494 and $67,800, respectively.

Deferred Compensation Agreement

The Organization sponsors a tax-deferred annuity plan qualified under Section 457(e)(1)(B) of the Internal Revenue Code covering certain highly compensated employees. Contributions are designated by the board of directors or chief executive officer of the Organization and withheld from the employees' wages.

Note 15 - Related Party Transactions

A New Leaf Cottages, Inc. (the Cottages), is a 501(c)(3) that shares common management with the Organization. Additionally, as of June 2010, the Organization assumed some program functions on behalf of the Cottages. The Organization advances funds to the Cottages for operating costs. Total amount outstanding totaled $46,652 and $67,427 as of June 30, 2017 and 2016, respectively.

The Organization owns a limited partnership investment in Prospect Park 1, LP (the Park), an affordable housing establishment. Investment in affiliate totaled $1,402,054 and $1,451,810 as of June 30, 2017 and 2016, respectively. During the year ended June 30, 2014, the Organization also provided the Park with $100,000 for repayment of debt to third parties. Further, the Organization has funded certain other operating expenses of the Park. Amounts owed to the Organization are presented as related party receivables in the accompanying consolidated statements of financial position is $54,797 and $179,880 for the years ended June 30, 2017 and 2016, respectively. In addition, the Organization leases space from the Park. In lieu of making monthly rent payments, the Organization reduces related party receivable by the monthly commercial rent expense due. Rent expense totaled $17,851 as of June 30, 2017 and 2016.

In addition, the Organization guaranteed debt for the Foundation resulting in a liability in the amount of $96,829 and $145,012 as of June 30, 2017 and 2016, respectively (see Note 8). The Foundation and the Organization reimburse each other for management and support service costs. These reimbursements to the Organization totaled $340,336 and $324,924 for the years ended June 30, 2017 and 2016, respectively. Amounts outstanding for these costs along with other intercompany transactions which is presented net as a related party receivable or payable in the accompanying consolidated statements of financial position totaled $42,671 and $217,475 due from the Foundation as of June 30, 2017 and 2016, respectively. The Foundation has also received $717,629 and $769,194 from the Organization in the form of rent, and provided $223,400 and $188,000 in donations to the Organization for the years ended June 30, 2017 and 2016, respectively. The Organization's lease agreements reflect fair market rent rates. Effective July 1, 2015, the Foundation authorized an unrestricted contribution to the Organization in the amount of $1,000,000. The contribution is to be paid over a period of time not to exceed three years. As of June 30, 2017 and 2016, the Foundation owed the Organization $325,000 and $650,000, respectively, related to this contribution. The Foundation holds stock that is attributable to Leaf. Management intends to transfer this stock to Leaf. The amount included in due from related party related to this stock totaled $1,202,565 and $0 for the years ended June 30, 2017 and 2016, respectively.

Resulting from its ownership interest in La Mesita Apartments LP and La Mesita Apartments Phase 3 LP, the Organization has funded certain development, construction, and operating costs associated with these inter-related entities. La Mesita Apartments LP owes the Organization, $166,198 and $167,049 for the years ended June 30, 2017 and 2016, respectively. La Mesita Apartments Phase 3 LP owes the Organization for advances of construction, development, and operating expenses in the amount of $30,096 and $14,820 as of June 30, 2017 and 2016, respectively. These amounts are included as related party receivables on the accompanying consolidated statement of financial position. The Organization also guaranteed debt for La Mesita Apartments Phase 3 LP resulting in a liability in the amount of $66,300 and $0 as of June 30, 2017 and 2016, respectively (see Note 8). La Mesita Apartments Phase 3 LP has an outstanding non-interesting bearing loan receivable totaling $303,959 included in note receivable on the accompanying consolidated statement of financial position as of June 30, 2017 and 2016. La Mesita Apartments LP owes the Organization $362,616 and $471,202 for development fees as of June 30, 2017 and 2016, respectively. The Organization has an $800,000 non-interest bearing loan receivable due December 2043, included in related party receivable and note receivable. The Organization also has a $300,000 non-interest bearing note receivable for construction costs included in related party receivable and note receivable. Both of these receivables remain outstanding as of June 30, 2017 and 2016, on the accompanying consolidated statement of financial position.

Certain members of the board of directors of the Organization have pledged or contributed donations in the amount of $0 and $7,800 during the years ended June 30, 2017 and 2016, respectively. Amount uncollected for prior and current year pledged donations totals, $40,337 and $170,737 as of June 30, 2017 and 2016, respectively. The donations are expected to be collected over a five year period.

Note 16 - Correction of an Error

Unrestricted and temporarily restricted net assets were misstated as of June 30, 2016, as a result of errors and omissions in recording certain transactions, which affect unrestricted and temporarily restricted net assets as of June 30, 2016. The net effect of these misstatements has been corrected in the accompanying consolidated statements of financial position and consolidated statements of activities. A summary of the effects on each class of net assets is presented below:

	2016 (as previously reported)	Restatement Adjustment	2016 (as restated)
Consolidated Statement of Financial Position			
Net assets			
Unrestricted	$ 5,904,456	$ 793,245	$ 6,697,701
Temporarily restricted	8,880,449	(793,245)	8,087,204
Permanently restricted	1,584,975	-	1,584,975
Total net assets	$ 16,369,880	$ -	$ 16,369,880

Note 17 - Subsequent Events

The Organization has evaluated subsequent events through January 24, 2018, the date the consolidated financial statements were available to be issued.

Subsequent to June 30, 2017, the Organization entered into an agreement to acquire Arizona Women's Education and Employment, Inc. (AWEE), an Arizona nonprofit corporation. AWEE provides pre-employment job readiness training, marketable skills, employment services and support to individuals located primarily in the Phoenix metropolitan and Prescott areas.

Subsequent to June 30, 2017, the Organization entered into an agreement to acquire Phoenix Day, an Arizona nonprofit corporation. Phoenix Day is an innovative and progressive leader in early childhood education and in supporting the comprehensive well-being of the children and families they serve.

Supplementary Information
June 30, 2017 and 2016 (as restated)

A New Leaf, Inc. and Subsidiaries

	A New Leaf, Inc.	MesaCAN	NEDCO	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 3,103,691	$ 136,036	$ 127,335	$ -	$ 3,367,062
Cash - designated for direct loan fund	-	-	194,480	-	194,480
Cash - IDA restricted	-	1,137,376	-	-	1,137,376
Accounts receivable, net	1,626,852	448,859	131,066	-	2,206,777
Related party receivable	1,472,466	23,600	-	(134,004)	1,362,062
Promises to give, net	736,381	189,389	-	-	925,770
United Way receivable	180,122	-	-	-	180,122
Prepaid expenses and other assets	219,968	5,945	1,107	-	227,020
Note receivable	51,983	-		-	51,983
Note receivable, related party	1,217,205	-		-	1,217,205
Loans receivable	-	-	409,445	-	409,445
Allowance for loan loss reserve - loans receivable	-	-	(164,762)	-	(164,762)
Investments	25,382	-	-	-	25,382
Investments held for deferred compensation	241,057	-	-	-	241,057
Investment in affiliate	1,402,054	-	-	-	1,402,054
Property and equipment, net	7,030,257	-	-	-	7,030,257
Endowment					
Cash	1,395,423	-	-	-	1,395,423
Other assets	100,000	-	-	-	100,000
Due from related party	930,861	-	-	-	930,861
Promises to give, net	576,756	-	-	-	576,756
Total assets	$ 20,310,458	$ 1,941,205	$ 698,671	$ (134,004)	$ 22,816,330
Liabilities and Net Assets					
Accounts payable	$ 299,295	$ 177,227	$ 2,717	$ -	$ 479,239
Accrued expenses and other liabilities	646,519	63,008	13,212	-	722,739
Due to related party	76,970	104,770	5,634	(134,004)	53,370
Deferred compensation liability	241,057	-	-	-	241,057
Deferred revenue	1,712,430	363,982	5,000	-	2,081,412
Capital lease obligations	14,338	-	-	-	14,338
Guaranteed loan obligations	163,129	-	-	-	163,129
Line of credit	-	-	171,973	-	171,973
Notes payable and other liabilities - equity equivalent investments	349,026	-	420,000	-	769,026
Total liabilities	3,502,764	708,987	618,536	(134,004)	4,696,283
Net Assets					
Unrestricted	7,191,179	184,329	80,135	-	7,455,643
Temporarily restricted	6,613,475	1,047,889	-	-	7,661,364
Permanently restricted	3,003,040	-	-	-	3,003,040
Total net assets	16,807,694	1,232,218	80,135	-	18,120,047
Total liabilities and net assets	$ 20,310,458	$ 1,941,205	$ 698,671	$ (134,004)	$ 22,816,330

	A New Leaf, Inc.	MesaCAN	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 5,111,666	$ 335,148	$ -	$ 5,446,814
Cash - IDA restricted	-	674,258	-	674,258
Accounts receivable, net	1,821,212	259,841	-	2,081,053
Related party receivable	1,930,651	-	(290,433)	1,640,218
Promises to give, net	1,268,435	417,183	-	1,685,618
United Way receivable	353,327	-	-	353,327
Prepaid expenses and other assets	126,003	4,451	-	130,454
Note receivable	53,938	-	-	53,938
Note receivable, related party	1,103,959	-	-	1,103,959
Investments	14,018	-	-	14,018
Investments held for deferred compensation	183,335	-	-	183,335
Investment in affiliate	1,451,810	-	-	1,451,810
Property and equipment, net	6,604,401	-	-	6,604,401
Endowment				
Cash	507,758	-	-	507,758
Other assets	100,000	-	-	100,000
Promises to give, net	977,217	-	-	977,217
Total assets	$ 21,607,730	$ 1,690,881	$ (290,433)	$ 23,008,178
Liabilities and Net Assets				
Accounts payable	$ 373,140	$ 22	$ -	$ 373,162
Accrued expenses and other liabilities	670,119	181,825	-	851,944
Due to related party	423,021	228,100	(290,433)	360,688
Deferred compensation liability	183,335	-	-	183,335
Deferred revenue	4,110,779	196,797	-	4,307,576
Capital lease obligations	56,293	-	-	56,293
Guaranteed loan obligations	145,012	-	-	145,012
Notes payable and other liabilities - equity equivalent investments	360,288	-	-	360,288
Total liabilities	6,321,987	606,744	(290,433)	6,638,298
Net Assets				
Unrestricted	6,543,552	154,149	-	6,697,701
Temporarily restricted	7,157,216	929,988	-	8,087,204
Permanently restricted	1,584,975	-	-	1,584,975
Total net assets	15,285,743	1,084,137	-	16,369,880
Total liabilities and net assets	$ 21,607,730	$ 1,690,881	$ (290,433)	$ 23,008,178

	A New Leaf, Inc.				MesaCAN				NEDCO					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated
Revenue, Support, and Gains														
Contract revenue	$ 7,945,257	$ -	$ -	$ 7,945,257	$ 2,198,268	$ -	$ -	$ 2,198,268	$ 74,169	$ -	$ -	$ 74,169	$ (62,100)	$ 10,155,594
Behavioral health revenue	9,706,442	-	-	9,706,442	-	-	-	-	-	-	-	-	-	9,706,442
Contributions	3,536,014	715,646	1,418,065	5,669,725	16,750	261,452	-	278,202	21,821	-	-	21,821	(107,500)	5,862,248
United Way contributions	989,231	-	-	989,231	-	-	-	-	-	-	-	-	-	989,231
Client fees	54,663	-	-	54,663	-	-	-	-	-	-	-	-	-	54,663
Gross Bingo revenue	-	-	-	-	1,158,076	-	-	1,158,076	-	-	-	-	-	1,158,076
Less cost of goods sold	-	-	-	-	(779,781)	-	-	(779,781)	-	-	-	-	-	(779,781)
Net Bingo revenue	-	-	-	-	378,295	-	-	378,295	-	-	-	-	-	378,295
Interest and other income	134,363	-	-	134,363	1,620	-	-	1,620	10,826	-	-	10,826	(22,500)	124,309
Net investment return	(621)	-	-	(621)	-	-	-	-	-	-	-	-	-	(621)
Net assets released from restrictions	1,259,387	(1,259,387)	-	-	143,551	(143,551)	-	-	-	-	-	-	-	-
Total revenue, support, and gains	23,624,736	(543,741)	1,418,065	24,499,060	2,738,484	117,901	-	2,856,385	106,816	-	-	106,816	(192,100)	27,270,161
Expenses and Losses														
Program services expense	17,199,119	-	-	17,199,119	2,294,564	-	-	2,294,564	123,761	-	-	123,761	(187,100)	19,430,344
Management and general	4,072,031	-	-	4,072,031	404,323	-	-	404,323	28,100	-	-	28,100	(5,000)	4,499,454
Fundraising and development	1,656,203	-	-	1,656,203	9,417	-	-	9,417	-	-	-	-	-	1,665,620
Total expenses	22,927,353	-	-	22,927,353	2,708,304	-	-	2,708,304	151,861	-	-	151,861	(192,100)	25,595,418
Loss from Investment in Affiliate	49,756	-	-	49,756	-	-	-	-	-	-	-	-	-	49,756
Total expenses and losses	22,977,109	-	-	22,977,109	2,708,304	-	-	2,708,304	151,861	-	-	151,861	(192,100)	25,645,174
Transferred Net Assets from Subsidiary	-	-	-	-	-	-	-	-	125,180	-	-	125,180	-	125,180
Change in Net Assets	647,627	(543,741)	1,418,065	1,521,951	30,180	117,901	-	148,081	(45,045)	-	-	(45,045)	-	1,624,987
Net Assets, beginning of year, as restated	6,543,552	7,157,216	1,584,975	15,285,743	154,149	929,988	-	1,084,137	-	-	-	-	-	16,369,880
Net Assets, end of year	$ 7,191,179	$ 6,613,475	$ 3,003,040	$ 16,807,694	$ 184,329	$ 1,047,889	$ -	$ 1,232,218	$ 80,135	$ -	$ -	$ 80,135	$ -	$ 18,120,047

	A New Leaf, Inc.				MesaCAN					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated
Revenue, Support, and Gains										
Contract revenue	$ 7,991,648	$ -	$ -	$ 7,991,648	2,082,790	$ -	$ -	$ 2,082,790	$ (44,550)	$ 10,029,888
Behavioral health revenue	9,510,701	-	-	9,510,701	-	-	-	-	-	9,510,701
Contributions	3,751,493	3,609,453	345,160	7,706,106	9,115	274,500	-	283,615	(108,000)	7,881,721
United Way contributions	-	558,823	-	558,823	-	-	-	-	-	558,823
Client fees	99,906	-	-	99,906	-	-	-	-	-	99,906
Gross Bingo revenue	-	-	-	-	1,089,836	-	-	1,089,836	-	1,089,836
Less cost of goods sold	-	-	-	-	(765,768)	-	-	(765,768)	-	(765,768)
Net Bingo revenue	-	-	-	-	324,068	-	-	324,068	-	324,068
Interest and other income	569,000	-	-	569,000	4,569	-	-	4,569	-	573,569
Net investment return	(4,974)	-	-	(4,974)	-	-	-	-	-	(4,974)
Net assets released from restrictions,	2,200,695	(2,200,695)	-	-	129,220	(129,220)	-	-	-	-
Total revenue, support, and gains	24,118,469	1,967,581	345,160	26,431,210	2,549,762	145,280	-	2,695,042	(152,550)	28,973,702
Expenses and Losses										
Program services expense	17,363,951	-	-	17,363,951	2,283,342	-	-	2,283,342	(152,550)	19,494,743
Management and general	4,251,039	-	-	4,251,039	407,599	-	-	407,599	-	4,658,638
Fundraising and development	914,227	-	-	914,227	8,811	-	-	8,811	-	923,038
Total expenses	22,529,217	-	-	22,529,217	2,699,752	-	-	2,699,752	(152,550)	25,076,419
Loss from Investment in Affiliate	51,229	-	-	51,229	-	-	-	-	-	51,229
Loss on Uncollectable Promises to Give	-	-	(7,000)	(7,000)	-	-	-	-	-	(7,000)
Total expenses and losses	22,580,446	-	7,000	22,587,446	2,699,752	-	-	2,699,752	(152,550)	25,134,648
Change in Net Assets	1,538,023	1,967,581	338,160	3,843,764	(149,990)	145,280	-	(4,710)	-	3,839,054
Net Assets, beginning of year, as previously reported	4,212,284	5,982,880	1,246,815	11,441,979	304,139	784,708	-	1,088,847	-	12,530,826
Correction of an Error	793,245	(793,245)	-	-	-	-	-	-	-	-
Net Assets, beginning of year, as restated	5,005,529	5,189,635	1,246,815	11,441,979	304,139	784,708	-	1,088,847	-	12,530,826
Net Assets, end of year	$ 6,543,552	$ 7,157,216	$ 1,584,975	$ 15,285,743	$ 154,149	$ 929,988	$ -	$ 1,084,137	$ -	$ 16,369,880

Cash Flows from Operating Activities	
Change in net assets	$ 1,521,951
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation and amortization	381,889
Amortization of discount on promises to give and notes receivable	118,978
Change in allowance for promises to give	(637,427)
Realized and unrealized loss on investments	621
Deferred compensation expense	57,722
Donation of land from related party	(232,769)
Net investment return on deferred compensation plan assets	(21,280)
Contributions restricted to endowment	(8,329)
Guaranteed loan obligations	66,300
Changes in operating assets and liabilities	
Accounts receivable	235,886
Related party receivable	350,954
Promises to give	640,086
United Way receivable	173,205
Prepaid expenses and other assets	(93,965)
Investment in subsidiary	49,756
Accounts payable	(73,845)
Accrued expenses and other liabilities	(23,600)
Due to related party	(346,051)
Deferred revenue	(2,398,349)
Net Cash used for Operating Activities	(238,267)
Cash Flows used for Investing Activities	
Purchases of property and equipment	(467,745)
Net purchases of deferred compensation plan assets	(36,442)
Proceeds from sale of investments	(11,985)
Issuance of notes receivable	(300,000)
Payments on notes receivable	1,955
Net deposits to endowment	(708,664)
Collections of contributions restricted to endowment	462,856
Cash transfers to endowment	(608,283)
Net Cash used for Investing Activities	(1,668,308)
Cash Flows from Financing Activities	
Payments on capital lease obligations	(41,955)
Capital loan obligations	(48,183)
Payments on long-term debt	(11,262)
Net Cash used for Financing Activities	(101,400)
Net Change in Cash and Cash Equivalents	(2,007,975)
Cash and Cash Equivalents, beginning of year	5,111,666
Cash and Cash Equivalents, end of year	$ 3,103,691
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	$ 75,908
Non-Cash Financing Transactions	
Donation of land received from related party to satisfy debt obligation	$ 107,231