The Parenting Center

Financial Statements
December 31, 2017 and 2016

Sutton Frost Cary LLP
Certified Public Accountants

The Parenting Center

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Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
The Parenting Center

We have audited the accompanying financial statements of The Parenting Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parenting Center as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Sutton Frost Cary

A Limited Liability Partnership

Fort Worth, Texas
September 10, 2018

The Parenting Center
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 781,824	$ 651,236
Investments	375,109	338,215
Accounts receivable	434,186	380,168
Pledges receivable	150,000	120,343
Prepaid expenses	33,088	27,042
Total current assets	1,774,207	1,517,004
Other assets:		
Property and equipment, net	241,274	147,669
Assets restricted for long-term purposes:		
Cash equivalents restricted for building	513,796	474,699
Cash equivalents restricted for endowment	108,583	108,583
Total other assets	863,653	730,951
Total assets	$ 2,637,860	$ 2,247,955
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 70,932	$ 35,242
Accrued liabilities	103,344	14,924
Agency liability	41,777	44,297
Total liabilities	216,053	94,463
Net assets:		
Unrestricted	1,660,425	1,369,023
Temporary restricted	652,799	675,886
Permanently restricted	108,583	108,583
Total net assets	2,421,807	2,153,492
Total liabilities and net assets	$ 2,637,860	$ 2,247,955

See notes to financial statements.

The Parenting Center
Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Government grants and contracts	$ 1,281,519	$ -	$ -	$ 1,281,519
Nongovernment grants	432,503	-	-	432,503
Contributions	3,386	504,123	-	507,509
Donated services	33,200	-	-	33,200
Special events (net of direct costs of $73,954)	61,194	-	-	61,194
United Way	31,960	-	-	31,960
Program service fees, net	353,368	-	-	353,368
Investment income	40,923	-	-	40,923
Other income	562	-	-	562
Net assets released from restrictions	527,210	(527,210)	-	-
Total revenue and support	2,765,825	(23,087)	-	2,742,738
Expenses:				
Program services:				
Clinical	481,143	-	-	481,143
Education	1,690,642	-	-	1,690,642
Total program services	2,171,785	-	-	2,171,785
Administrative	184,989	-	-	184,989
Fundraising	117,649	-	-	117,649
Total expenses	2,474,423	-	-	2,474,423
Increase in net assets	291,402	(23,087)	-	268,315
Net assets at beginning of year	1,369,023	675,886	108,583	2,153,492
Net assets at end of year	$ 1,660,425	$ 652,799	$ 108,583	$ 2,421,807

See notes to financial statements.

The Parenting Center
Statement of Activities
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Government grants and contracts	$1,182,288	$ -	$ -	$1,182,288
Nongovernment grants	118,624	-	-	118,624
Contributions	383,922	398,418	-	782,340
Donated services	34,510	-	-	34,510
Special events (net of direct costs of $79,757)	127,958	-	-	127,958
United Way	15,980	15,979	-	31,959
Program service fees, net	376,455	-	-	376,455
Investment income	28,447	-	-	28,447
Other income	58	-	-	58
Net assets released from restrictions	104,132	(104,132)	-	-
Total revenue and support	2,372,374	310,265	-	2,682,639
Expenses:				
Program services:				
Clinical	483,922	-	-	483,922
Education	1,389,515	-	-	1,389,515
Total program services	1,873,437	-	-	1,873,437
Administrative	202,641	-	-	202,641
Fundraising	103,627	-	-	103,627
Total expenses	2,179,705	-	-	2,179,705
Increase in net assets	192,669	310,265	-	502,934
Net assets at beginning of year	1,172,586	365,621	108,583	1,646,790
Net assets at end of year	$1,365,255	$ 675,886	$ 108,583	$2,149,724

See notes to financial statements.

The Parenting Center

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services					Total
	Clinical	Education	Total	Administrative	Fundraising	Expenses
Compensation and related costs	$ 268,951	$ 961,879	$ 1,230,830	$ 151,406	$ 98,818	$ 1,481,054
Professional fees	14,360	186,045	200,405	16,459	2,881	219,745
Supplies	5,363	173,556	178,919	1,868	1,713	182,500
Telephone	1,920	13,816	15,736	931	304	16,971
Postage	191	2,019	2,210	75	572	2,857
Occupancy	11,876	31,614	43,490	2,911	2,286	48,687
Printing	1,062	14,230	15,292	425	1,237	16,954
Local transportation	520	17,242	17,762	168	137	18,067
Conferences/Travel/Meals	245	18,994	19,239	1,022	-	20,261
Marketing	110	4,183	4,293	47	4,968	9,308
Dues and subscriptions	394	9,718	10,112	1,047	2,813	13,972
Board and staff meetings	53	233	286	2,916	158	3,360
Equipment	6,763	8,480	15,243	3,703	944	19,890
Insurance	3,518	6,109	9,627	797	266	10,690
Contracted agencies	-	234,374	234,374	-	-	234,374
Contract counseling	163,169	1,530	164,699	-	-	164,699
Depreciation	2,648	6,620	9,268	1,214	552	11,034
Total	$ 481,143	$ 1,690,642	$ 2,171,785	$ 184,989	$ 117,649	$ 2,474,423

See notes to financial statements.

The Parenting Center
Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services					Total
	Clinical	Education	Total	Administrative	Fundraising	Expenses
Compensation and related costs	$ 260,561	$ 825,103	$ 1,085,664	$ 152,501	$ 91,182	$ 1,329,347
Professional fees	14,894	150,617	165,511	13,759	733	180,003
Supplies	3,655	200,371	204,026	3,923	475	208,424
Telephone	1,940	11,024	12,964	1,458	431	14,853
Postage	213	2,201	2,414	73	709	3,196
Occupancy	15,830	24,853	40,683	5,891	1,056	47,630
Printing	863	12,311	13,174	481	158	13,813
Local transportation	429	12,795	13,224	181	94	13,499
Conferences/Travel/Meals	144	21,744	21,888	194	35	22,117
Marketing	487	6,705	7,192	6,046	6,160	19,398
Dues and subscriptions	472	9,435	9,907	667	1,400	11,974
Board and staff meetings	34	139	173	790	6	969
Equipment	2,449	3,533	5,982	2,318	219	8,519
Insurance	4,500	6,115	10,615	982	319	11,916
Contracted agencies	-	92,223	92,223	-	-	92,223
Contract counseling	174,333	10,346	184,679	384	-	185,063
Depreciation	3,118	7,796	10,914	1,429	650	12,993
Total	$ 483,922	$ 1,397,311	$ 1,881,233	$ 191,077	$ 103,627	$ 2,175,937

See notes to financial statements.

The Parenting Center
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Increase in net assets	$ 268,315	$ 506,702
Depreciation	11,034	12,993
Unrealized gain on investments	(11,730)	(16,020)
Realized gain on investments	(10,546)	(528)
Contributions restricted for building	(119,997)	(257,271)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Accounts receivable	(54,018)	(216,954)
Pledges receivable	(29,657)	(40,731)
Prepaid expenses	(6,046)	(13,024)
Accounts payable	35,690	25,841
Accrued liabilities	88,420	901
Agency liability	(2,520)	16,344
Net cash provided by operating activities	168,945	18,253
Cash flows from investing activities:		
Purchases of equipment	(104,639)	(8,521)
Purchases of investments	(246,199)	(227,857)
Proceeds from sales of investments	231,581	216,805
Net cash used by investing activities	(119,257)	(19,573)
Cash flows from financing activities:		
Collections of contributions restricted for building	119,997	257,271
Net increase in cash and cash equivalents	169,685	255,951
Cash and cash equivalents at beginning of year	1,234,518	978,567
Cash and cash equivalents at end of year	$ 1,404,203	$ 1,234,518
Reconciliation of cash and cash equivalents reported within the statement of financial position to the statement of cash flows:		
Cash and cash equivalents	$ 781,824	$ 651,236
Cash equivalents restricted for building	513,796	474,699
Cash equivalents restricted for endowment	108,583	108,583
Total cash and cash equivalents shown on the statement of cash flows	$ 1,404,203	$ 1,234,518

See notes to financial statements.

1. Organization

The Parenting Center's (Center) mission is to provide family members and professionals with the tools, resources and services to build successful families. The Center was built on the core belief that empowering families with the necessary knowledge and skills can lead them to develop and maintain healthy lives.

The Center pursues its objectives through the execution of the following clinical and education programs:

<u>Clinical Counseling</u>- Counseling is provided by the Center's staff and contract counselors for parents, couples, children and entire families. Counseling ranges from general assistance with family situations to help for abused and neglected children. Fees range from assistance provided by the Texas Department of Family and Protective Services or other organizations to direct payments from the counseled individuals. Some fees are based on a sliding scale depending on income and family size.

<u>Parenting Advice Line</u>- The Center sponsors a free telephone service where counselors and educators answer parenting questions and concerns. CPS Evaluation and Treatment: Counseling is provided to individuals and families who are referred by Child Protective Services.

<u>Family Life Education</u>- Staff and volunteer educators present workshops and courses on numerous positive parenting topics to various groups throughout the Tarrant County Metroplex. Classes are offered at a sliding scale for Tarrant County residents. The classes offered are usually sponsored by groups such as churches, PTA's, etc. Fees for these classes are negotiable. United Way funding and grants from foundations make it possible for the Center to offer some reduced-cost and free programs.

<u>Healthy Marriage</u>- The Center coordinates the Healthy Marriage Healthy Families Coalition of Tarrant County. Community members are trained in evidence-based pre-marriage and marriage curriculum. Once trained, couples and individuals lead workshops designed to promote and sustain healthy marriages. This program coordinates the State of Texas Twogether project for an eleven county region.

<u>Home Visiting, Education and Leadership (H.E.A.L.)-</u> H.E.A.L. is a free, 18-week in-home, family-strengthening program that utilizes a curriculum called SafeCare. Parents learn helpful skills that aid in managing children's misbehavior as well as understand many beneficial ways of problem solving and communication. Skills training includes child behavior management techniques, planned activities training, how to create healthy parent-child interactions, and child health care education.

<u>Participants Parent Education Program in Schools (PEPS)</u>- The Parent Education Program in Schools is a three-hour parenting course offered as part of the Health I curriculum in Fort Worth and Arlington secondary schools. PEPS increases students' knowledge of positive parenting skills, child development, responsible choices and child abuse prevention.

Family Transitions Program- The program provides comprehensive support to families raising children between two homes. Services are offered to parents, blended families, grandparents and children. The program includes classes, counseling, consultation, mediation, and co-parent coaching.

Empowering Families- The Center provides marriage/relationship classes and other services to strengthen and stabilize families. The target population for these services is low-income families, refugees, Temporary Assistance for Needy Families (TANF) recipients, and those eligible of receiving TANF. Funding for this program comes from a Community-Centered Healthy Marriage and Relationship grant provided through the U.S. Department of Health and Human Services. A new five-year award was granted in October 2015.

The Center is funded primarily funded through government grants and contracts, contributions and grants from the foundations, individuals and corporations, and fees charged to participants on a sliding scale basis.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Center prepares the financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, revenues are recognized when earned and expenses are recorded as incurred.

Financial Statement Presentation

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

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor stipulations that will be met by actions of the Center and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes.

Contributions are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured and are due from various third-party payors and government agencies. Pledges receivable are unsecured and are due from various donors. At December 31, 2017, 54% of accounts receivables were due from two government agencies. The Center continually evaluates the collectability of accounts and pledges receivable and maintains allowances for potential losses, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

The Center maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2017 and 2016, the Center's uninsured balances totaled $672,928 and $521,563, respectively.

Cash and Cash Equivalents

The Center considers highly liquid investments available for current use with original maturities of three months or less to be cash equivalents. The Center classifies cash and money market accounts held by external investment managers as investments as these funds are not readily available for operations.

Investments

Investments consist of a money market, mutual funds, equites, and a real estate investment trust and are stated at fair value in the statement of financial position.

Accounts Receivable

The Center maintains receivables due from government agencies and third-party payors for services performed. The Center carries its accounts receivable due from third-party payors at standard charges, less an allowance for doubtful accounts and contractual adjustments. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in accounts receivable. On a periodic basis, the Center evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on history of past write offs, collections and adjustments. At December 31, 2017 and 2016, management considers accounts receivable to be fully collectible.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 40 years. Depreciation expense totaled $11,034 and $12,993 for the years ended December 31, 2017 and 2016, respectively.

Long-Lived Assets

The Center's long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. Management believes no impairment has occurred with respect to long-lived assets in 2017 and 2016.

Revenue Recognition

Program service fees are reported at net realizable amounts from participants, third-party payors and others for services rendered. Accounts receivable and revenues are recorded when participant services are performed. Amounts received from third-party payors are different from established billing rates of the Center, and these differences are accounted for as contractual allowances. Program service fee revenue is reported net of contractual adjustments of $130,186 and $136,936 for the years ended December 31, 2017 and 2016, respectively.

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give (pledge) has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions to which they are subject are met. If funds are received related to the conditional promise, the amounts received are accounted for as a refundable advance. In September 2016, the Center was awarded a $100,000 conditional promise to give (pledge) for capital renovations. In accordance with GAAP, the conditional pledge will be recognized as revenue in the years in which the conditions are met.

Government grant and contracts are recognized as revenue as contract terms are fulfilled. Cost reimbursement contracts are recognized as revenue when the allowable costs are incurred. Fees for contract services are recognized as revenue when the services are performed.

Donated Services

The Center recognizes significant donated services received that require specialized skills or that would create or enhance nonfinancial assets, which would have been purchased if not acquired through donation. For the years ended December 31, 2017 and 2016, $33,200 and $34,510 were recognized as donated service revenue and contract counseling expense, in the accompanying financial statements.

During the years ended December 31, 2017 and 2016, the Center's activities that benefited from specialized volunteer assistance were primarily as follows, based on estimates of management:

	Approximate Hours	
	2017	2016
Administrative services	-	32
Community education	51	345
Clinical services	896	675
	947	1,052

In addition, many individuals volunteer their time to assist the Center with various programs; however, no contribution revenue is recorded for these hours, because they represent non-specialized services and therefore do not meet the requirements necessary to record such services as contribution revenue.

During the years ended December 31, 2017 and 2016, the Center's activities that benefited from non-specialized volunteer assistance were primarily as follows, based on estimates of management:

	Approximate Hours	
	2017	2016
Board of directors - no revenue recognized	950	1,026

Functional Allocation of Expenses

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

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Federal Income Tax

The Center is a nonprofit publicly supported organization, as defined in Section 501(c)(3) of the Internal Revenue Service Code (IRC) that is exempt from federal income taxes under Section 501(a) of the IRC. For the years ended December 31, 2017 and 2016, the Center did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Center's tax returns and recognition of a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Center, and has concluded that as of December 31, 2017 and 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Reclassification

Certain amounts in the 2016 financial statements have been reclassified to be consistent with 2017 presentation.

3. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1 Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Center's investments are valued using Level 1 inputs. The following is a description of the valuation methodology used for instruments measured at fair value:

Mutual Funds

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying asset owned by the fund, less its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Equity Securities, Exchange Traded Funds, and Real Estate Investment Trusts

These investments are valued at the closing price reported on the active markets in which the individual securities are traded.

Money Market Fund

The investments are valued using $1 for the NAV.

The following table sets forth the Center's investments at fair value as of December 31:

	2017	2016
Money market funds	$ 6,471	$ 7,467
Mutual funds:		
Stock funds	148,759	59,570
Bond funds	38,277	44,701
Exchange traded products:		
Equity	47,943	33,899
Fixed income	26,594	15,613
Other	-	21,085
Equity securities:		
Common stock	58,526	77,540
Preferred stock	13,554	15,786
Real estate investment trusts	34,985	62,554
	$ 375,109	$ 338,215

Investment income consists of the following for the years ending December 31:

	2017	2016
Dividends and interest	$ 18,647	$ 11,929
Realized gain on investments	10,546	528
Unrealized gain on investments	11,730	16,020
	$ 40,923	$ 28,477

4. Property and Equipment

Property and equipment consists of the following as of December 31:

	2017	2016
Land and buildings	$ 1,011,491	$ 1,011,491
Equipment	137,443	137,443
Computer and network	244,355	244,355
Furniture and fixtures	154,334	154,334
Construction in progress	104,639	-
	1,652,262	1,547,623
Accumulated depreciation	(1,410,988)	(1,399,954)
	$ 241,274	$ 147,669

5. Endowment Funds

The Center has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The board of directors of the Center has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies the original value of gifts donated to the permanent endowment as permanently restricted net assets. The portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Center, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions

- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The management of the Center is responsible for adopting investment objectives and policies, monitoring policy implementation and investment performance. The Center's investment portfolio is designed to provide a reasonably stable, growing, and predictable revenue stream. All investment decisions on behalf of the permanently restricted net assets are based upon and consistent with the above priorities.

Changes in donor-restricted endowment funds by net asset classification for the year ended December 31, 2017 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 108,583	$ 108,583
Investment income	760	-	760
Appropriation of assets for expenditure	(760)	-	(760)
Endowment net assets, end of year	$ -	$ 108,583	$ 108,583

Changes in donor-restricted endowment funds by net asset classification for the year ended December 31, 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 108,583	$ 108,583
Investment income	488	-	488
Appropriation of assets for expenditure	(488)	-	(488)
Endowment net assets, end of year	$ -	$ 108,583	$ 108,583

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31:

	2017	2016
Annual United Way allocation	$ 15,980	$ 15,979
Capital repairs and improvements	27,644	27,644
Clinical counseling program	-	50,000
Technology and software	6,791	20,459
Educational scholarships and classes	83,027	81,545
Rebranding	5,560	5,560
Building reconstruction	513,796	474,699
	$ 652,798	$ 675,886

7. Line of Credit

The Center has a $50,000 operating line of credit agreement with an area bank, with interest at the Wall Street Journal prime rate, expiring January 2019. Advances on this agreement are secured by the accounts receivable of the Center. There were no borrowings outstanding relating to the agreement as of December 31, 2017 or 2016.

8. Leases

The Center leases office equipment under a non-cancellable long-term operating lease. Future minimum lease payments under this lease agreement is as follows for the years ending December 31:

2018	$ 2,028
2019	169
	$ 2,197

9. Employee Benefit Plan

The Center has a defined contribution - 401 (k) savings plan for the benefit of its employees. Participants may defer a percentage of their compensation into the plan, up to certain limits allowed by the Internal Revenue Code. Participant contributions are 100% vested upon deferral. Eligible participants may receive discretionary matching employer contributions and/ or discretionary annual contributions determined by the board of directors. Employer contributions vest 20% each year after two years of employment. Eligible participants, who are non-highly compensated employees, may also receive special discretionary contributions known as qualified non-elective employer contributions. Qualified non-elective employer contributions automatically vest 100%.

For the years ended December 31, 2017 and 2016, the Center's discretionary match was set at 5% of participant contributions. The Center's matching contributions for the years ended December 31, 2017 and 2016, were approximately $22,000 and $26,000, respectively.

10. Contingencies

The Center participates in Federal grant programs, which are governed by various rules and regulations of the grantor agency. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Center has not complied with the rules and regulations governing the grant programs, assessments could be made. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant programs; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

11. Subsequent Events

The Center evaluated subsequent events after the statement of financial position date of December 31, 2017 through September 10, 2018, which was the date the financial statements were issued, and concluded that no additional disclosures are required.