

JOHNSON KIGHTLINGER & COMPANY

F.R.I.E.N.D.S. OF BROOMFIELD, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
F.R.I.E.N.D.S. of Broomfield, Inc.
Broomfield, Colorado

We have audited the accompanying financial statements of F.R.I.E.N.D.S. of Broomfield, Inc. (the Organization) (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of F.R.I.E.N.D.S. of Broomfield, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Johnson Kightlinger & Company

JOHNSON KIGHTLINGER & COMPANY
February 13, 2017

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash - unrestricted	\$ 92,468	\$ 81,136
Program receivables	154,091	88,304
Support receivable - current portion (Note 2)	26,400	26,400
Prepaid expense	500	6,327
Other asset	5,210	5,153
Total current assets	278,669	207,320
PROPERTY AND EQUIPMENT , net (Note 3)	3,119,418	3,237,529
OTHER ASSETS		
Restricted cash	57,460	57,488
Support receivable - noncurrent portion (Note 2)	127,632	146,697
Assets held by foundation (Note 4)	96,774	102,262
Total other assets	281,866	306,447
TOTAL ASSETS	\$ 3,679,953	\$ 3,751,296
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 13,300	\$ 6,171
Accrued liabilities	16,936	20,612
Current portion of long-term debt (Note 5)	171,660	172,064
Current portion of capital lease obligations	13,423	9,539
Total current liabilities	215,319	208,386
LONG-TERM LIABILITIES		
Notes payable, net of current portion (Note 5)	1,158,667	1,384,236
Capital lease obligations, net of current portion (Note 6)	12,869	25,964
Total long-term liabilities	1,171,536	1,410,200
TOTAL LIABILITIES	1,386,855	1,618,586
COMMITMENTS AND CONTINGENCY (Notes 5, 6, and 8)		
NET ASSETS		
Unrestricted	1,795,145	1,563,266
Temporarily restricted (Note 7)	497,953	569,444
Total net assets	2,293,098	2,132,710
TOTAL LIABILITIES AND NET ASSETS	\$ 3,679,953	\$ 3,751,296

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Program fees	\$ 898,992	\$ -	\$ 898,992
Contributions and grants	423,665	42,457	466,122
Special events, net of direct expenses of \$26,394	58,424	-	58,424
Change in value of assets held by foundation (Note 4)	(5,489)	-	(5,489)
Other	64	-	64
Net assets released from restrictions (Note 7)	<u>113,948</u>	<u>(113,948)</u>	<u>-</u>
Total revenue and support	1,489,604	(71,491)	1,418,113
 EXPENSES			
Program services	1,030,167	-	1,030,167
Management and general	178,429	-	178,429
Fund raising	<u>49,129</u>	<u>-</u>	<u>49,129</u>
Total expenses and losses	1,257,725	-	1,257,725
 CHANGE IN NET ASSETS	 231,879	 (71,491)	 160,388
 NET ASSETS, BEGINNING OF YEAR	 <u>1,563,266</u>	 <u>569,444</u>	 <u>2,132,710</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,795,145</u>	 <u>\$ 497,953</u>	 <u>\$ 2,293,098</u>

F.R.I.E.N.D.S. OF BROOMFIELD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Program fees	\$ 740,803	\$ -	\$ 740,803
Contributions and grants	126,918	339,998	466,916
Special events, net of direct expenses of \$23,837	61,076	-	61,076
Change in value of assets held by foundation (Note 4)	6,866	-	6,866
Other	1,317	-	1,317
Net assets released from restrictions (Note 7)	<u>434,289</u>	<u>(434,289)</u>	<u>-</u>
Total revenue and support	1,371,269	(94,291)	1,276,978
EXPENSES			
Program services	930,591	-	930,591
Management and general	209,323	-	209,323
Fund raising	<u>86,428</u>	<u>-</u>	<u>86,428</u>
Total expenses	1,226,342	-	1,226,342
CHANGE IN NET ASSETS	144,927	(94,291)	50,636
NET ASSETS, BEGINNING OF YEAR	<u>1,418,339</u>	<u>663,735</u>	<u>2,082,074</u>
NET ASSETS, END OF YEAR	<u>\$ 1,563,266</u>	<u>\$ 569,444</u>	<u>\$ 2,132,710</u>

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 442,984	\$ 83,060	\$ 27,686	\$ 553,730
Payroll taxes and employee benefits	83,445	11,006	3,668	98,119
Professional fees	-	9,800	6,194	15,994
Contract labor	89,616	45,123	208	134,947
Program costs	28,930	-	-	28,930
Office expense	49,395	7,229	877	57,501
Occupancy costs	66,800	2,318	-	69,118
Transportation	54,237	-	-	54,237
Insurance	15,072	788	-	15,860
Marketing and outreach	-	-	10,496	10,496
Interest	91,426	-	-	91,426
Depreciation and amortization	108,262	19,105	-	127,367
	<u>\$ 1,030,167</u>	<u>\$ 178,429</u>	<u>\$ 49,129</u>	<u>\$ 1,257,725</u>
Total expenses				

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 346,717	\$ 115,197	\$ 38,399	\$ 500,313
Payroll taxes and employee benefits	77,416	25,721	8,574	111,711
Professional fees	-	-	33,686	33,686
Contract labor	-	21,000	-	21,000
Program costs	133,019	-	-	133,019
Office expense	51,184	25,227	-	76,411
Occupancy costs	40,825	2,148	-	42,973
Transportation	38,794	-	-	38,794
Insurance	17,229	907	-	18,136
Marketing and outreach	-	-	5,769	5,769
Interest	117,042	-	-	117,042
Depreciation and amortization	108,365	19,123	-	127,488
Total expenses	<u>\$ 930,591</u>	<u>\$ 209,323</u>	<u>\$ 86,428</u>	<u>\$ 1,226,342</u>

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 160,388	\$ 50,636
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	127,367	127,488
Loss on disposal of assets	-	27,270
Change in value of investments	5,431	(12,019)
Contributed land lease receivable (Notes 2, 6)	17,157	17,157
Change in construction loan discount (Note 5)	87,548	107,889
Changes in operating assets and liabilities:		
Receivables	(63,879)	(32,792)
Prepaid expenses and other	5,827	(6,327)
Accounts payable and accrued liabilities	3,453	(18,236)
Net cash from operating activities	<u>343,292</u>	<u>261,066</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in cash restricted for capital campaign	28	(3,408)
Proceeds from the sale of assets	-	1,500
Purchases of property and equipment	<u>(9,256)</u>	<u>(3,235)</u>
Net cash from investing activities	(9,228)	(5,143)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of construction loan	(300,000)	(300,000)
Repayments of note payable	(2,061)	(9,495)
Repayments of capital lease	<u>(20,671)</u>	<u>(6,791)</u>
Net cash from financing activities	(322,732)	(316,286)
CHANGE IN CASH AND CASH EQUIVALENTS	11,332	(60,363)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>81,136</u>	<u>141,499</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 92,468</u>	<u>\$ 81,136</u>
SUPPLEMENTARY INFORMATION		
Interest paid in cash	<u>\$ -</u>	<u>\$ 9,154</u>
Noncash activity:		
Equipment financed with capital lease	<u>\$ -</u>	<u>\$ 33,511</u>

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

F.R.I.E.N.D.S. of Broomfield, Inc. (“the Organization”) provides support services to citizens with developmental disabilities in Broomfield, Colorado through day care, residential, and social activity programs. The day program includes physical activities such as swimming, horseback riding, and field trips to museums and the arts. The residential program is comprised of three models to meet the various living needs of the individuals. Evening activities provide opportunities to socialize and build social networks.

The Organization’s income derives from sources within Broomfield, Colorado and surrounding areas of Colorado. The Organization is funded primarily by state and federal Medicaid reimbursements and by grants from the City and County of Broomfield, the Broomfield Community Foundation, and private donors.

Use of Estimates in the Preparation of Financial Statement

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

Cash and Cash Equivalents

The Organization considers all liquid investments purchased or donated with maturities of three months or less to be cash equivalents. Cash restricted for acquisition of long-term assets is treated as a noncurrent asset.

Investments

All investments are carried at fair value, with gains and losses reported in the statement of activities.

Program Receivables

Program receivables consist of amounts earned for services provided to program participants. Amounts billed to participants are based on contractual rates set by Medicaid and other insurance providers, as applicable.

Account balances not paid by the due date specified on the invoice are considered delinquent. Payments of receivables are allocated to the specific invoices identified on the payer’s remittance advice, or, if unspecified, are applied to the earliest unpaid invoices. Management believes that all receivables are collectible; therefore, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value if donated. Assets are depreciated on a straight-line basis over their estimated useful lives, which range from three to forty years. The Organization capitalizes all assets with a unit cost greater than \$400. Repairs and maintenance are charged to expense when incurred.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. If impairment has occurred, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management does not believe that any impairment has occurred as of December 31, 2015.

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalized Interest

Interest costs totaling \$52,862 were capitalized on construction in progress during 2014 and were included in property and equipment on the accompanying balance sheets. Construction was completed in 2014 and no interest was capitalized in 2015.

Revenue Recognition

Participant fee revenue is recognized at the time the services are rendered. The Organization generally bills for services on a monthly basis. Private pay participants normally pay in advance or at the time of service.

Contributions are recorded at fair value in the year the contributions or unconditional promises to give are received. Contributions are reported as unrestricted or temporarily restricted, depending upon the existence and nature of any donor-imposed or time restrictions. Conditional contributions are recognized when the conditions upon which they depend are substantially met.

Contributions restricted for purchase of long-term assets (such as capital campaign contributions) are treated as purpose restrictions until they are used for the designated long-term purpose. The Organization does not imply time restrictions on donations of long-lived assets (plant, property, and equipment) in the absence of a donor-specified period over which the asset must be used, or for gifts of other assets that are restricted to the acquisition of long-lived assets.

Temporarily Restricted Net Assets and Net Assets Released from Restrictions

When received, donations restricted by donor for a specific purpose or time frame are recorded as increases in temporarily restricted net assets. When a purpose is accomplished or a time restriction elapses, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Expense Allocation

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

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, is classified as a public charity, and has no unrelated business income. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization has taken no tax positions it believes are unlikely to be upheld, or that might jeopardize its tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information.

The Organization's federal information returns (Forms 990) for 2015, 2014, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash, support receivable and program receivables. The Organization maintains cash balances at high-quality financial institutions where the funds are insured by the Federal Deposit Insurance Corporation. In 2015 and 2014, 100% of support receivables were from a single donor in relation to the land lease (described in Note 2). Program receivables are concentrated in the Boulder-Denver metropolitan area.

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Revenue Sources

Medicaid provided approximately 92% and 82% of the Organization's program revenue in 2015 and 2014, respectively. The Organization received approximately 94% and 96% of support revenue from four major donors and affiliated entities in 2015 and 2014, respectively. This includes a below-market land lease and construction loan originating in 2013 (further described in Notes 2, 5, and 6).

Fair Value Measurements

Fair value measurements of assets and liabilities may be carried out using:

- Quoted prices in active markets for identical assets (Level 1),
- Significant other observable inputs (Level 2), or
- Significant unobservable inputs (Level 3).

Assets and liabilities measured at fair value consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Assets measured on a recurring basis using level 1 inputs:		
Assets held by foundation (Note 4)	\$ <u>96,774</u>	\$ <u>102,262</u>
Assets measured on a recurring basis using level 2 inputs:		
Cash equivalents – certificates of deposit	\$ <u>10,032</u>	\$ <u>10,015</u>
Assets measured on a recurring basis using level 3 inputs:		
Land lease receivable (Notes 2 and 6)	\$ <u>154,032</u>	\$ <u>173,097</u>

Related Parties

Relatives of a member of management and two members of the Board of Directors receive services from the Organization. Such services are provided under the same terms as those for other participants. The Organization recognized revenue totaling \$26,400 and \$26,695 from these parties in 2015 and 2014, respectively.

Subsequent Events Evaluation

Management has evaluated subsequent events through February 13, 2017, the date the financial statements were available to be issued.

NOTE 2 – SUPPORT RECEIVABLE

The support receivable consisted of the fair value of a below-market land lease for the Organization's building under construction, as further described in Note 3.

Receivable under the land lease for future years consists of the following at December 31, 2015:

Amounts due in:	
One year or less	\$ 26,400
Two to five years	105,600
More than five years	<u>43,976</u>
	175,976
Less unamortized discount	<u>(21,944)</u>
Total promise to give	154,032
Less current portion	<u>(26,400)</u>
Noncurrent portion	\$ <u><u>127,632</u></u>

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Building	\$ 3,175,405	\$ 3,175,405
Vehicles	96,041	96,041
Equipment	179,449	169,686
Furniture and fixtures	10,722	11,230
Software	<u>2,755</u>	<u>2,755</u>
	3,464,372	3,455,117
Less accumulated depreciation	<u>(344,954)</u>	<u>(217,588)</u>
	<u>\$ 3,119,418</u>	<u>\$ 3,237,529</u>

The Organization leases the land underlying the building, as further described in Note 6, and will retain ownership of the building during the term of the land lease. When the land lease terminates, ownership of the building will revert to the property owner. The Organization cannot sublet or borrow against the building without the property owner's permission.

NOTE 4 – ASSETS HELD BY FOUNDATION

The Organization has transferred assets to The Broomfield Community Foundation ("the Foundation") to an agency endowment fund ("the Fund") established for its benefit. Under this arrangement, the Foundation has variance power over the Fund, which it holds and manages exclusively for the Organization's benefit. The Foundation invests in marketable debt and equity securities, primarily in assets yielding a combination of income and long-term growth. The Foundation periodically distributes income earned on the Fund, subject to the Foundation's spending policy. The Fund is recorded as a beneficial interest in assets held by the Foundation on the accompanying statements of financial position.

Fund activity and balances consisted of the following in the years ending December 31:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 102,262	\$ 95,396
Gift received	-	300
Investment income	1,721	1,711
Net appreciation (depreciation)	(1,479)	5,840
Investment management fees	<u>(598)</u>	<u>(985)</u>
Net income (loss)	101,906	102,262
Distributions received	<u>(5,132)</u>	<u>-</u>
Ending balance	<u>\$ 96,774</u>	<u>\$ 102,262</u>

NOTE 5 – DEBT

Vehicle Loan

In 2011, the Organization financed the purchase of a wheelchair accessible van with a commercial bank note payable. The loan carries interest at 7.449%, requires monthly payments of \$1,121 through maturity July 2016. The vehicle loan balance was \$9,428 at December 31, 2015.

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – DEBT (Continued)

Construction Loan

In August 2012, the Organization entered into a loan agreement (the construction loan) with a private foundation to finance construction costs for its new building. The construction loan was secured by a deed of trust on the building, is noninterest bearing, and has been discounted using an effective interest rate of 5%. Borrowings on the construction loan consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Face value	\$ 1,597,943	\$ 1,897,943
Less discount	<u>(277,044)</u>	<u>(364,592)</u>
	1,320,899	1,533,351
Less current portion	<u>(162,232)</u>	<u>(160,575)</u>
Long-term portion	<u>\$ 1,158,667</u>	<u>\$ 1,372,776</u>

Interest Costs

Interest costs incurred totaled \$87,548 and \$117,042 in 2015 and 2014, respectively.

Future Maturities

Future maturities of long-term debt consisted of the following at December 31, 2015:

	<u>2015</u>
2016	\$ 171,660
2017	170,345
2018	178,861
2019	202,365
2020	192,658
Thereafter	<u>414,438</u>
	<u>\$ 1,330,327</u>

NOTE 6 – LEASE COMMITMENTS

Capital Leases

In October 2014 and September 2013, the Organization entered into capital leases for office equipment of \$12,247 and \$31,642, respectively. Monthly rental payments for both leases total \$1,119. The 2014 lease matures on October 2019 and the 2013 lease matures August 2017, each with an optional lease buyout of \$1. Amortization of the leased assets was \$3,882 and is included in depreciation expense in the accompanying financial statements.

**F.R.I.E.N.D.S. OF BROOMFIELD, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – LEASE COMMITMENTS (Continued)

Capital Leases (Continued)

Future minimum lease payments under the capital lease are as follows:

2016	\$ 13,423
2017	10,097
2018	3,444
2019	<u>2,870</u>
	29,834
Less amount representing interest	<u>(3,542)</u>
Present value of net minimum lease	26,292
Less current portion	<u>(13,423)</u>
Long-term portion	<u><u>\$ 12,869</u></u>

Vehicle Operating Lease

The Organization entered into an operating lease in November 2014 for a shuttle bus for \$52,960, with a down payment of \$2,500. The operating lease matures in November 2019 and requires monthly payments of \$841. In December 2015, the Organization entered into an operating lease for a bus for \$65,466, with a down payment of \$1,491. The operating lease matures in December 2020 and requires monthly payments of \$1,091. Lease expense totaled \$11,194 in 2015.

Future minimum lease payments under the operating lease are as follows:

2016	\$ 23,185
2017	23,185
2018	23,185
2019	22,345
2020	<u>13,093</u>
	<u><u>\$ 104,993</u></u>

Land Lease

The new building (described in Note 3) is located on land leased from an affiliate of a major donor. The land lease initially runs from August 2012 through August 2022, with an option to renew for up to nine additional 10-year periods. The lease carries annual rent of \$1.

The Organization estimated the fair value of the land lease based on the land's assessed valuation and a rate of return typically expected by investors for similar leases, for an undiscounted total of \$264,145 for the initial lease term. Expense recognized for the land lease totaled \$26,400 in both 2015 and 2014. The Organization recorded a receivable for the future land lease at its estimated present value, using a discount rate of 5%.

Future expenses to be recognized under the land lease are as follows at December 31, 2015:

2016	\$ 26,400
2017	26,400
2018	26,400
2019	26,400
2020	26,400
Thereafter	<u>43,976</u>
	<u><u>\$ 175,976</u></u>

F.R.I.E.N.D.S. OF BROOMFIELD, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Net assets released from restrictions consisted of the following:

	<u>2015</u>	<u>2014</u>
Satisfaction of purpose restrictions:	\$	\$
Capital construction	-	300,000
Expiration of time restrictions:		
Contributed land lease use (Note 6)	26,400	26,400
Construction loan discount amortization	87,548	107,889
	<u>\$ 113,948</u>	<u>\$ 434,289</u>

Temporarily restricted net assets consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Contributions for restricted purposes	\$ 66,877	\$ 31,755
Contributed land lease receivable (Note 2)	154,032	173,097
Construction loan discount (Note 5)	277,044	364,592
	<u>\$ 497,953</u>	<u>\$ 569,444</u>