

Military Veterans Resource Center and Subsidiary

Audited Consolidated Financial Statements

As of and for the Year Ended
June 30, 2016



Rea & associates

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September 26, 2016

To the Board of Directors
Military Veterans Resource Center and Subsidiary
Columbus, Ohio

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Military Veterans Resource Center and Subsidiary (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2016, the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 audit. We conducted our audit 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 Organization'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 the Organization, as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization's beginning net asset balances (net asset balances as of June 30, 2015) have been restated due to the retroactive application of the accrual basis of accounting which was adopted as of July 1, 2015.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 420,931
Investments in marketable securities, at fair value	598,866
Resource bank inventory	23,648
Prepaid expenses and other current assets	27,590
	<hr/>
Total current assets	1,071,035
FURNITURE AND EQUIPMENT:	
Furniture and equipment, at cost	220,013
Less: accumulated depreciation	(115,446)
	<hr/>
Furniture and equipment, net	104,567
DEPOSITS	
	1,940
	<hr/>
Total assets	<u>\$ 1,177,542</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Accounts payable	\$ 27,229
Accrued expenses	22,018
Deferred golf membership income	12,917
Current portion of capital lease obligations	17,236
	<hr/>
Total current liabilities	79,400
CAPITAL LEASE OBLIGATIONS, net of current portion	
	22,338
	<hr/>
Total liabilities	101,738
NET ASSETS:	
Unrestricted	1,032,835
Unrestricted, Board designated	42,969
	<hr/>
Total net assets	1,075,804
	<hr/>
Total liabilities and net assets	<u>\$ 1,177,542</u>

The accompanying notes are an integral part of these financial statements.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUE, GAINS AND OTHER SUPPORT:	
Contract revenue	\$ 929,415
Contributions	80,231
In-kind donations	219,784
Grant revenue	11,753
Investment income (loss), net of related expenses	(28,468)
Golf course revenue	192,552
Loss on sale or disposal of equipment	(4,391)
Other income	9,391
Net assets released from restrictions	5,000
	<hr/>
Total operating revenue, gains and other support	1,415,267
FUNCTIONAL EXPENSES:	
Program services	1,109,114
Management and general	246,724
Fundraising	30,028
	<hr/>
Total functional expenses	1,385,866
	<hr/>
Changes in unrestricted net assets	29,401
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Net assets released from restrictions	(5,000)
	<hr/>
Changes in temporarily restricted net assets	(5,000)
	<hr/>
Changes in net assets	24,401
NET ASSETS, beginning of the year, as previously stated	980,277
	<hr/>
Retroactive impact of prior period adjustment (see Note 1)	71,126
	<hr/>
NET ASSETS, beginning of the year, as restated	1,051,403
	<hr/>
NET ASSETS, end of the year	<u><u>\$ 1,075,804</u></u>

The accompanying notes are an integral part of these financial statements.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Management and General	Fundraising	Total
Personnel	\$ 585,470	\$ 131,566	\$ 24,263	\$ 741,299
Facility and equipment	235,441	42,644	6	278,091
Resource bank	63,276	-	-	63,276
Office	14,168	30,469	411	45,048
Depreciation	33,663	10,648	-	44,311
Marketing	35,222	-	4,721	39,943
Staff training and meetings	24,644	4,795	611	30,050
Technology	25,989	1,304	16	27,309
Individual expenses	25,203	-	-	25,203
Stipends paid to veterans	21,851	420	-	22,271
Golf course supplies	-	12,803	-	12,803
Shelter	11,796	-	-	11,796
Transportation	11,275	-	-	11,275
Golf course cost of sales	-	9,691	-	9,691
Career related	7,044	-	-	7,044
Contributions to other organizations	4,635	-	-	4,635
Interest expense	-	2,384	-	2,384
Meeting expenses	653	-	-	653
Other expenses	8,784	-	-	8,784
Total expenses	<u>\$ 1,109,114</u>	<u>\$ 246,724</u>	<u>\$ 30,028</u>	<u>\$ 1,385,866</u>

The accompanying notes are an integral part of these financial statements.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ 24,401
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation expense	44,311
Loss on sale or disposal of equipment	4,391
Net realized and unrealized losses on marketable securities	44,195
(Increase) decrease in operating assets:	
Resource bank inventory	(10,115)
Prepaid expenses and other current assets	(4,714)
Deposits	16
Increase (decrease) in operating liabilities:	
Accounts payable	7,516
Accrued expenses	6,166
Deferred golf membership income	(2,059)
Net cash provided by operating activities	<u>114,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for the purchase of furniture and equipment	(24,337)
Proceeds from the sale of furniture and equipment	1,250
Proceeds from the sale of marketable securities	327,454
Payments for the purchase of marketable securities	(369,380)
Net cash used in investing activities	<u>(65,013)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on capital lease obligations	(18,856)
Net cash used in financing activities	<u>(18,856)</u>
Net increase in cash and cash equivalents	30,239
CASH AND CASH EQUIVALENTS, beginning of the year	<u>390,692</u>
CASH AND CASH EQUIVALENTS, end of the year	<u><u>\$ 420,931</u></u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:	
Cash paid during the year for interest	<u><u>\$ 2,384</u></u>

The accompanying notes are an integral part of these financial statements.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Military Veterans Resource Center, (the “Center”) was formed on December 7, 2000 as a not-for-profit organization to assist in improving the lives and addressing specific needs of veterans. Assistance provided gives veterans access to resources to address needs related to employment, housing, food, or transportation. The Organization currently operates resource centers located in Columbus, Chillicothe, Dayton, and Hamilton.

The Center is the sole member of Veterans In Transition, Inc. (“VITI”), a not-for-profit organization based in Chillicothe, Ohio, that provides supportive services to Ohio veterans. VITI also maintains and operates a golf course.

Principles of Consolidation

The consolidated financial statements include the accounts of the Center and its subsidiary, VITI (collectively, the “Organization”). All inter-company accounts and transactions are eliminated in consolidation.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This basis of accounting was adopted effective July 1, 2015, and as a result, the Organization’s beginning net asset balances (net asset balances as of June 30, 2015) have been restated. The restatement included an increase in beginning net assets in the amount of \$71,126, of which \$70,328 was attributable to the consolidation of VITI.

Use of Management Estimates

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation

The financial statements have been prepared in accordance with principles that require the Organization to report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

Unrestricted net assets - Net assets that are not subject to restriction by donors or grantors, even though their use may be limited in other respects, such as by contract or by designation of the Board of Directors. Donor-restricted contributions whose restrictions are met in the same year as the contributions are recorded as unrestricted net assets.

Temporarily restricted net assets - Net assets subject to donor or grantor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets as of June 30, 2016.

Permanently restricted net assets - Net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets as of June 30, 2016.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Parties

Related parties exist when an entity has the ability to directly or indirectly control another enterprise. Control includes the direct or indirect power to direct or cause the direction of the management and policies of a specified party, whether through ownership, by contract, or otherwise.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term, highly liquid investments that are readily convertible to a known amount of cash and short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Investments in Marketable Securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value within the statements of assets, liabilities and net assets. Net realized and unrealized gains and losses are reported within the statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements. Purchases and sales of marketable securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold as well as held during the year.

Resource Bank Inventory

Inventory consists of perishable and non-perishable food bank items which have been donated to or purchased by the Organization and is stated at cost for purchased items and estimated fair value if donated based upon weight in pounds.

Furniture and Equipment

Furniture and equipment are carried at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in revenue, gains and other support.

Revenue Recognition

The Organization's revenue recognition policies are as follows:

Contract Revenue and Contributions

Contract revenue represents amounts contributed by veteran posts under contract during the reporting period. Contributions of cash and other assets are recorded at fair value at the date of the donor's promise to give. These contributions and gifts are considered to be available for unrestricted use, unless specifically restricted by the donor.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Contributions of services are recognized, at their estimated fair value, if the services received a) create or enhance non-financial assets or, b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded as expenses for program services. Contributed services that do not meet the aforementioned criteria are not recognized. Contributed materials are recorded at their fair value at the date of donation.

The Organization recognized in-kind contributions when receiving donated perishable and nonperishable items to the Resource Bank. Food items received as donations are recorded utilizing a standard rate per pound received. Nonperishable items received are recorded at estimated fair value utilizing standard value tables for similar items. When Resource Bank items are donated to individuals, the Organization recognizes the contribution as an expense at the same value the item was recorded. Total Resource Bank in-kind revenue and expense recognized for the year ended June 30, 2016 was \$65,701 and \$63,276, respectively.

The Organization occupies certain office space as well as the use of a golf course to maintain and operate free of charge. Management estimates the fair value for the use of these facilities and utilities at \$154,083. The corresponding expense is recognized as facility and equipment expense in the consolidated statements of activities and changes in net assets

The Organization received other in-kind contributions of volunteer services that are not reflected in the consolidated financial statements since they do not meet the recognition criteria under generally accepted accounting principles. The Organization estimates the total volunteer hours that meet this criteria was approximately 10,750 hours during the fiscal year ended June 30, 2016. The Organization estimates an hourly value of approximately \$23.50 by utilizing national average reported values of volunteer time. The estimate total value of volunteer hours provided to the Organization for the year ended June 30, 2016 was \$252,625.

Grant Revenue

The Organization receives grants from various agencies. For conditional grants, revenue is recognized when earned, which is at the time qualifying expenditures are incurred. Deferred grant revenue represents grant funds received in advance of revenue recognition. The Organization's grant support activity is subject to review by the granting entities.

Golf Course Revenue

Golf course membership receipts are deferred and recognized ratably over the membership period. Golf course fees and related sales are recognized when earned, which is at the time the services are provided.

Historic Collections, Exhibits and Properties

Purchased and contributed historical collections, exhibits, and properties are not included in the consolidated statement of financial position or consolidated statement of activities and changes in net assets. Donated items fall in the category of works of art, historical treasures and similar assets. The organization's collections are made up of artifacts of historical military significance that are held for educational purposes. Each of the items is cataloged, preserved, and cared for.

During the year ended June 30, 2016, the Organization received a contribution of a World War II Sherman Tank for display at the site of VITI. The Organization has a formal collections policy that addresses the acquisition and the use and disposition of objects received. The Organization estimates the value of the Sherman Tank to be approximately \$175,000.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

The Organization allocates expenses to program services, management and general and fundraising classifications. Expenses allocation occurs whenever costs are associated with more than one activity, and are attributed to each activity specifically.

Income Taxes

The Center and VITI are not-for-profit corporations organized under Section 501(c)(3) of the Internal Revenue Code. In the course of pursuing its stated purpose, certain activities may, from time to time, be considered to generate unrelated business income, taxable by the Internal Revenue Service. In the event such taxable income exists, a provision is made in the financial statements. The Organization had no unrelated business income for the year ended June 30, 2016.

Generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09 entitled “Revenue from Contracts with Customers (Topic 606),” which will change the Organization’s method of revenue recognition. In August 2015, the FASB deferred the effective date of the new standard by one year. This new standard is effective for annual reporting periods beginning after December 15, 2017, while allowing nonpublic companies an additional year to implement this new standard. Early implementation is permitted, but not before the original implementation date for periods beginning before December 15, 2016. The provisions of this standard will be applied retrospectively. Management has not yet determined whether this new standard will have a material effect on its financial statements.

In February 2016, FASB issued ASU No. 2016-02 entitled “Leases (Topic 842),” which will change the Organization’s statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants. This new standard is effective for annual reporting periods beginning after December 15, 2018, while allowing nonpublic companies an additional year to implement this new standard. Early implementation is permitted, but not before the original implementation date for periods beginning before February 25, 2016. Management has not yet determined whether this new standard will have a material effect on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14 entitled “Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)” which will, among other changes, change the presentation of the Organization’s classifications of net assets from three classes to two (with donor restrictions and without donor restrictions) and require a schedule of expenses by both natural and functional classification. This new standard is effective for annual reporting periods beginning after December 15, 2017. Early implementation is permitted. Management has not yet determined whether this new standard will have a material effect on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through September 26, 2016, the date on which the financial statements were available to be issued. Management has determined that there were no transactions or events that required disclosure through the evaluation date.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: RISKS AND UNCERTAINTIES

Uninsured Risk - Cash Deposits

The Organization maintains its cash and cash equivalent balances in financial institutions located in central Ohio. Deposits are insured by the Federal Deposit Insurance Corporation up to a coverage limit of \$250,000. As a result, the Organization may have balances that exceed the insured limit.

Major Revenue Source

Approximately 66% of the Organization's revenue for the year ended June 30, 2016 was derived from contracts which are set to expire in December 2017. A substantial reduction in this funding would have a significant impact on the Organization's programs.

Market Risk

As of June 30, 2016, the Organization's investment portfolios consisted of various fixed income and equity securities. Such investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

NOTE 3: FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board ("FASB") establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2016.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds and Exchange traded funds: Valued at the net asset value (“NAV”) of shares held by the Organization at fiscal year-end.

All of the Organization’s financial instruments measured at fair value consist of assets which are valued using Level 1 inputs as of June 30, 2016.

The following is a summary of the Organization's investment in marketable securities as of June 30, 2016:

	2016		
	Cost	Unrealized Gains (Losses)	Market
Common stocks	\$ 281,079	\$ 20,682	\$ 301,761
Exchange traded funds	109,388	1,120	110,508
Mutual funds	200,589	(13,992)	186,597
Totals	<u>\$ 591,056</u>	<u>\$ 7,810</u>	<u>\$ 598,866</u>

Total investment income on the accompanying statement of activities and changes in net assets consisted of the following at June 30, 2016:

Interest and dividend income	\$ 15,727
Unrealized loss on investments	(16,581)
Realized loss on sale of investments	(27,614)
Total investment income (loss)	<u>\$ (28,468)</u>

NOTE 4: NET ASSETS

The temporarily restricted net assets of the Organization are contributions with donor-imposed stipulations. These stipulations are removed from temporarily restricted net assets when the Organization expends the donated funds for the purpose specified.

Net asset restrictions consist of the following as of June 30, 2016:

	Beginning Balance	Revenue	Satisfaction of Restrictions	Ending Balance
Temporarily restricted:				
Franklin County Assistance	\$ 5,000	\$ -	(\$ 5,000)	\$ -
Total temporarily restricted	<u>\$ 5,000</u>	<u>\$ -</u>	<u>(\$ 5,000)</u>	<u>\$ -</u>

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: NET ASSETS (CONTINUED)

Board designated net assets are unrestricted net assets whose use has been designated by the Board of Directors for a specific purpose. Each category of board designated net assets has its own net assets balance. Board designated net assets consist of the following as of June 30, 2016:

	<u>Beginning Balance</u>	<u>Revenue/ Designations</u>	<u>Satisfaction of Restrictions</u>	<u>Ending Balance</u>
Board Designated:				
Cox Scholarship	\$ 2,961	\$ 6,763	(\$ 2,674)	\$ 7,050
Resource Bank	5,179	8,445	(2,705)	10,919
Cook Family Fund	2,000	2,000	(4,000)	-
Stephen & Mary Birch Fund	4,029	-	(4,029)	-
HQ Relocation Fund	-	25,000	-	25,000
Total board designated	<u>\$ 14,169</u>	<u>\$ 42,208</u>	<u>(\$ 13,408)</u>	<u>\$ 42,969</u>

NOTE 5: OPERATING LEASE OBLIGATIONS

The Organization leases space for administrative offices as well as space for veteran resource centers around Ohio under cancelable and non-cancelable operating leases with various expiration dates through April 2019. Total rent expense for the year ended June 30, 2016 totaled \$68,700. The aggregate future minimum lease payments under non-cancelable operating leases as of June 30, 2016 are as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2017	\$ 56,125
2018	43,550
2019	8,500
Total	<u>\$ 108,175</u>

NOTE 6: CAPITAL LEASE OBLIGATIONS

The following is a summary of furniture and equipment held under capital leases as of June 30, 2016:

	<u>Amount</u>
Furniture and equipment, at cost	\$ 66,366
Accumulated depreciation	(20,377)
Furniture and equipment, net	<u>\$ 45,989</u>

The capital lease amortization is included in depreciation and amortization expense for the year ended June 30, 2016. Future minimum lease payments through expiration under capital lease obligations as of June 30, 2016, are as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2017	\$ 17,236
2018	15,472
2019	8,797
Total minimum lease payments	41,505
Less: amount representing interest	(1,931)
Present value of future minimum capital lease payments	39,574
Less: current portion of capital lease obligations	(17,236)
Capital lease obligations, net of current portion	<u>\$ 22,338</u>

September 26, 2016

To the Board of Directors
Military Veterans Resource Center and Subsidiary
Columbus, Ohio

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

We have audited the financial statements of the Military Veterans Resource Center and Subsidiary (collectively the "Organization") as of and for the year ended June 30, 2016, and have issued our report thereon, dated September 26, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to September 26, 2016.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

	Military Veterans Resource Center	Veterans in Transition, Inc.	Eliminating Entries	Consolidated Balance
	<u>ASSETS</u>			
CURRENT ASSETS:				
Cash and cash equivalents	\$ 392,293	\$ 28,638	\$ -	\$ 420,931
Investments in marketable securities, at fair value	598,866	-	-	598,866
Resource bank inventory	23,298	350	-	23,648
Prepaid expenses and other current assets	26,009	1,581	-	27,590
Total current assets	1,040,466	30,569	-	1,071,035
FURNITURE AND EQUIPMENT:				
Furniture and equipment, at cost	23,884	196,129	-	220,013
Less: accumulated depreciation	(10,382)	(105,064)	-	(115,446)
Furniture and equipment, net	13,502	91,065	-	104,567
DEPOSITS	1,940	-	-	1,940
Total assets	\$ 1,055,908	\$ 121,634	\$ -	\$ 1,177,542
	<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:				
Accounts payable	\$ 16,575	\$ 10,654	\$ -	\$ 27,229
Accrued expenses	22,018	-	-	22,018
Deferred golf membership income	-	12,917	-	12,917
Current portion of capital lease obligations	-	17,236	-	17,236
Total current liabilities	38,593	40,807	-	79,400
CAPITAL LEASE OBLIGATIONS, net of current portion	-	22,338	-	22,338
Total liabilities	38,593	63,145	-	101,738
NET ASSETS:				
Unrestricted	974,346	58,489	-	1,032,835
Unrestricted, Board designated	42,969	-	-	42,969
Total net assets	1,017,315	58,489	-	1,075,804
Total liabilities and net assets	\$ 1,055,908	\$ 121,634	\$ -	\$ 1,177,542

The accompanying notes are an integral part of these financial statements.

MILITARY VETERANS RESOURCE CENTER AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

	Military Veterans Resource Center	Veterans in Transition, Inc.	Eliminating Entries	Consolidated Balance
OPERATING REVENUE, GAINS AND OTHER SUPPORT:				
Contract revenue	\$ 929,415	\$ -	\$ -	\$ 929,415
Contributions	74,688	5,543	-	80,231
In-kind donations	67,401	152,383	-	219,784
Grant revenue	11,753	-	-	11,753
Investment income (loss), net of related expenses	(28,468)	-	-	(28,468)
Golf course revenue	-	192,552	-	192,552
Loss on sale or disposal of equipment	-	(4,391)	-	(4,391)
Other income	9,030	361	-	9,391
Intercompany donations	37,000	(37,000)	-	-
Net assets released from restrictions	5,000	-	-	5,000
Total operating revenue, gains and other support	1,105,819	309,448	-	1,415,267
FUNCTIONAL EXPENSES:				
Changes in unrestricted net assets	41,240	(11,839)	-	29,401
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Net assets released from restrictions	(5,000)	-	-	(5,000)
Changes in temporarily restricted net assets	(5,000)	-	-	(5,000)
Changes in net assets	36,240	(11,839)	-	24,401
NET ASSETS, beginning of the year	981,075	70,328	-	1,051,403
NET ASSETS, end of the year	\$ 1,017,315	\$ 58,489	\$ -	\$ 1,075,804

The accompanying notes are an integral part of these financial statements.