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April 26, 2017

Board of Directors  
Family Ark, Inc.  
101 Noah's Lane  
Jeffersonville, IN 47130

We have reviewed the audit report prepared by Monroe Shine, for the period April 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Family Ark, Inc., as of December 31, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**FAMILY ARK, INC. AND SUBSIDIARY  
JEFFERSONVILLE, INDIANA**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**PERIOD ENDED DECEMBER 31, 2015 AND  
YEAR ENDED MARCH 31, 2015**

**FAMILY ARK, INC. AND SUBSIDIARY**

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# MONROE SHINE

KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

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## Independent Auditors' Report

Board of Directors  
**Family Ark, Inc. and Subsidiary**  
Jeffersonville, Indiana

We have audited the accompanying financial statements of **Family Ark, Inc. and Subsidiary** (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2015 and March 31, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the period and year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Family Ark, Inc. and Subsidiary** as of December 31, 2015 and March 31, 2015, and the changes in its net assets and its cash flows for the period and year then ended in accordance with accounting principles generally accepted in the United States of America.

*Monroe Shine*

New Albany, Indiana  
October 5, 2016

**FAMILY ARK, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND MARCH 31, 2015**

<b>ASSETS</b>	<b>December 31, 2015</b>	<b>March 31, 2015</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 292,326	\$ 602,367
Investments	1,013,559	1,075,078
Accounts receivable, net of allowance of \$17,260 at December 31, 2015 (No allowance at March 31, 2015)	346,186	301,849
Prepaid expenses	26,105	21,650
<b>Total Current Assets</b>	<b>1,678,176</b>	<b>2,000,944</b>
<b>OTHER ASSETS</b>		
Property held for sale	-	120,000
<b>PROPERTY AND EQUIPMENT</b>		
Land	18,919	18,919
Buildings and improvements	788,917	791,859
Equipment and furniture	255,559	299,548
Automobiles	77,852	77,852
	1,141,247	1,188,178
Less accumulated depreciation	383,527	411,304
<b>Net Property and Equipment</b>	<b>757,720</b>	<b>776,874</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,435,896</b>	<b>\$ 2,897,818</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current installments of long-term debt	\$ 66,928	\$ 64,136
Accounts payable	19,301	53,790
Accrued foster parents payments	28,502	30,934
Payroll, payroll taxes and withholdings payable	18,073	33,287
Accrued vacation payable	31,375	36,206
<b>Total Current Liabilities</b>	<b>164,179</b>	<b>218,353</b>
<b>LONG-TERM DEBT</b> , less current installments	<b>158,745</b>	<b>209,280</b>
<b>NET ASSETS</b>		
Unrestricted	2,112,972	2,469,903
Temporarily restricted	-	282
	2,112,972	2,470,185
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,435,896</b>	<b>\$ 2,897,818</b>

See notes to consolidated financial statements.

**FAMILY ARK, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**PERIOD ENDED DECEMBER 31, 2015 AND YEAR ENDED MARCH 31, 2015**

December 31, 2015

<b>REVENUES AND SUPPORT</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Totals</b>
Program service fees:			
Inpatient - foster care	\$ 754,931	\$ -	\$ 754,931
Outpatient - specialized treatment	298,782	-	298,782
Fundraising, contributions and grants	41,573	7,158	48,731
Investment income (loss), net	(56,895)	-	(56,895)
Loss disposal of property and equipment	(2,973)	-	(2,973)
Impairment loss on property held for sale	-	-	-
Other	28,672	-	28,672
Net assets released from restrictions	7,440	(7,440)	-
<b>Total Revenues and Support</b>	<u>1,071,530</u>	<u>(282)</u>	<u>1,071,248</u>
 <b>EXPENSES</b>			
Program services	1,038,159	-	1,038,159
General and administrative	327,466	-	327,466
Fundraising	62,836	-	62,836
<b>Total Expenses</b>	<u>1,428,461</u>	<u>-</u>	<u>1,428,461</u>
 <b>Change in net assets</b>	 (356,931)	 (282)	 (357,213)
Net Assets, beginning of year	<u>2,469,903</u>	<u>282</u>	<u>2,470,185</u>
 <b>Net Assets, end of year</b>	 <u>\$ 2,112,972</u>	 <u>\$ -</u>	 <u>\$ 2,112,972</u>

See notes to consolidated financial statements.

March 31, 2015

Unrestricted	Temporarily Restricted	Totals
\$ 835,072	\$ -	\$ 835,072
870,033	-	870,033
54,603	123,526	178,129
28,353	-	28,353
-	-	-
(95,324)	-	(95,324)
9,997	-	9,997
123,244	(123,244)	-
<u>1,825,978</u>	<u>282</u>	<u>1,826,260</u>
1,418,237	-	1,418,237
493,315	-	493,315
89,838	-	89,838
<u>2,001,390</u>	<u>-</u>	<u>2,001,390</u>
(175,412)	282	(175,130)
<u>2,645,315</u>	<u>-</u>	<u>2,645,315</u>
<u>\$ 2,469,903</u>	<u>\$ 282</u>	<u>\$2,470,185</u>

**FAMILY ARK, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**PERIOD ENDED DECEMBER 31, 2015 AND YEAR ENDED MARCH 31, 2015**

	<u>December 31, 2015</u>			
	<u>Program</u>	<u>General and</u>		<u>Total</u>
	<u>Services</u>	<u>Administrative</u>	<u>Fundraising</u>	
Payments to foster parents	\$ 279,782	\$ -	\$ -	\$ 279,782
Salaries and wages	425,589	217,072	42,007	684,668
Payroll taxes	33,393	17,334	3,257	53,984
Retirement plan expense	3,315	1,822	69	5,206
Contract labor	69,086	-	-	69,086
Depreciation expense	17,481	11,979	1,812	31,272
Foster parent recruitment	1,659	787	-	2,446
Insurance	66,925	31,407	6,827	105,159
Interest expense	7,039	3,470	269	10,778
Legal and accounting	9,398	2,871	84	12,353
Other professional services	6,073	211	47	6,331
Medical and educational	1,735	1,000	-	2,735
Maintenance and repairs	27,991	15,215	2,628	45,834
Miscellaneous	8,409	2,646	892	11,947
Office and program supplies	28,250	4,668	1,664	34,582
Postage	995	544	257	1,796
Rent	970	421	67	1,458
Staff training	4,507	2,775	486	7,768
Travel	6,582	86	-	6,668
Utilities and telephone	25,725	11,562	1,674	38,961
Advertising	1,366	738	705	2,809
Foster parent training	893	-	-	893
Dues and subscriptions	2,696	858	79	3,633
Foster parent background checks	405	-	-	405
Employee background checks	441	-	12	453
Program development	7,454	-	-	7,454
<b>Total Functional Expenses</b>	<b>\$ 1,038,159</b>	<b>\$ 327,466</b>	<b>\$ 62,836</b>	<b>\$ 1,428,461</b>

See notes to consolidated financial statements.

**March 31, 2015**

<u>Program</u>	<u>General and</u>			
<u>Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
\$ 343,720	\$ -	\$ -	\$ 343,720	
401,690	312,459	61,518	775,667	
36,442	28,168	5,068	69,678	
2,804	2,807	44	5,655	
356,492	-	-	356,492	
24,286	29,790	2,537	56,613	
3,875	385	-	4,260	
80,370	43,217	9,163	132,750	
8,107	8,785	494	17,386	
9,950	2,938	170	13,058	
1,633	345	74	2,052	
1,916	1,609	-	3,525	
28,815	20,478	2,060	51,353	
5,190	4,385	401	9,976	
33,763	10,478	4,013	48,254	
820	922	336	2,078	
1,469	367	-	1,836	
9,865	1,463	522	11,850	
6,944	769	34	7,747	
24,724	22,860	3,309	50,893	
11,668	-	-	11,668	
1,758	-	-	1,758	
3,101	1,090	93	4,284	
936	-	-	936	
439	-	2	441	
17,460	-	-	17,460	
<b>\$ 1,418,237</b>	<b>\$ 493,315</b>	<b>\$ 89,838</b>	<b>\$ 2,001,390</b>	

**FAMILY ARK, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**PERIOD ENDED DECEMBER 31, 2015 AND YEAR ENDED MARCH 31, 2015**

	<b>December 31,</b>	<b>March 31,</b>
	<b><u>2015</u></b>	<b><u>2015</u></b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (357,213)	\$ (175,130)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	31,272	56,613
Realized and unrealized (gains) losses on investments	67,609	(10,385)
Loss on disposal of assets	2,973	-
Impairment loss on property held for sale	-	95,324
(Increase) decrease in:		
Accounts receivable, net	(44,337)	(26,873)
Prepaid expenses	(4,455)	3,735
Increase (decrease) in:		
Accounts payable	(34,489)	20,942
Accrued foster care payment	(2,432)	(1,104)
Other current liabilities	(20,045)	11,639
<b>Net Cash Used In Operating Activities</b>	<b><u>(361,117)</u></b>	<b><u>(25,239)</u></b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	732,664	164,894
Purchase of investments	(738,754)	(171,125)
Proceeds from sale of property and equipment	118,825	179,175
Purchase of property and equipment	(13,916)	(104,649)
<b>Net Cash Provided By Investing Activities</b>	<b><u>98,819</u></b>	<b><u>68,295</u></b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(47,743)	(60,642)
<b>Net Cash Used In Financing Activities</b>	<b><u>(47,743)</u></b>	<b><u>(60,642)</u></b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(310,041)</b>	<b>(17,586)</b>
Cash and cash equivalents at beginning of year	<u>602,367</u>	<u>619,953</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 292,326</u></b>	<b><u>\$ 602,367</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash payments for interest	\$ 10,778	\$ 17,386

See notes to consolidated financial statements.

**FAMILY ARK, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND MARCH 31, 2015**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Regional Youth Services, Inc. legally changed its name to **Family Ark, Inc.** effective July 1, 2015. **Family Ark, Inc.** (the Organization) is a not-for-profit organization which operates facilities, develops programs and provides services for the care and rehabilitation of children under eighteen years of age who may be referred by any court or other competent authority having proper jurisdiction over such children. Currently, the Organization serves fifteen counties in Southern Indiana.

During 2015, the Organization changed its fiscal year end from March 31 to December 31. This change to the calendar year began April 1, 2015. As a result of the change, the Organization had a nine-month period ending December 31, 2015.

AEGIS Pathways, Inc. was formed in December 2015 and is a wholly owned subsidiary of the Organization. AEGIS Pathways, Inc. is a for profit company, created to expand to the general public the mental health and health services of the Organization.

**Basis of Presentation**

The accompanying consolidated financial statements include the accounts of the Organization and its subsidiary, Aegis Pathways, Inc. All significant intercompany accounts have been eliminated in consolidation. The consolidated financial statements have been prepared on the accrual basis of accounting.

The Organization presents its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

The Organization considers all time deposits with an original maturity of three months or less to be cash equivalents.

Certain prior year accounts have been reclassified to conform with current year classifications.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**FAMILY ARK, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER, 31, 2015 AND MARCH 31, 2015**

(1 - continued)

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Accounts Receivable**

The Organization utilizes the allowance method for recording bad debts. The allowance for doubtful accounts was \$17,260 at December 31, 2015. Management has determined no allowance was required at March 31, 2015.

**Advertising**

The Organization charges the costs of advertising to expense as incurred.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line and double-declining balance methods over the assets useful lives.

Expenditures for maintenance and repairs are expensed as incurred.

**Property Held for Sale**

Property held for sale is recorded at the lower of the asset's carrying value or fair value less costs to sell. If the estimated fair value less cost to sell an asset is less than its current carrying value, the asset is written down to its estimated fair value less cost to sell. The Organization reviews for recoverability when factors indicate an impairment may exist, but no less than annually. The estimated fair values of property held for sale is based on current market conditions and assumptions made by management, which may differ materially from actual results and may result in additional impairments if market conditions deteriorate.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not provide for income taxes.

**FAMILY ARK, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER, 31, 2015 AND MARCH 31, 2015**

(1 - continued)

The Organization has implemented accounting guidance for uncertainty in income taxes. Using that guidance, tax positions need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities in various tax jurisdictions. As of December 31, 2015, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization files federal form 990. Returns filed for tax years ended March 31, 2013, 2014 and 2015 are subject to examination. The Organization is not currently being examined and management believes its tax-exempt status would be upheld under examination.

**Revenue Recognition**

The Organization recognizes revenue when earned. The principal source of unrestricted revenue to the Organization is appropriations received from Indiana for the counties served. The courts will appropriate funds for the care of each child who is sent to the Organization for placement in foster homes and home based services. The Organization also receives revenues through the Behavioral Health Center which provides counseling services. Such funds are then used by the Organization to pay foster parents and operating overhead including staff and therapists' salaries.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions of donated noncash assets are recorded at their fair market value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated services have not been valued and are not reflected in this report because the criteria for recognition of such volunteer effort have not been satisfied.

**Functional Allocation of Expenses**

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on management's estimates.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.

**FAMILY ARK, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER, 31, 2015 AND MARCH 31, 2015**

(2) **INVESTMENTS**

Investments are stated at fair value and are summarized at December 31, 2015 and March 31, 2015 as follows:

	<u>December 31, 2015</u>		<u>March 31, 2015</u>	
	Cost	Fair Value	Cost	Fair Value
Exchange traded funds:				
Bond funds	\$ 14,107	\$ 13,367	\$ 276,732	\$ 275,256
Equity funds	1,016,514	1,000,192	699,905	799,822
	<u>\$ 1,030,621</u>	<u>\$ 1,013,559</u>	<u>\$ 936,637</u>	<u>\$ 1,075,078</u>

The following schedule summarizes the investment return (loss) for the period ending December 31, 2015 and year ending March 31, 2015:

	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
Dividend and interest income	\$ 18,990	\$ 29,080
Realized and unrealized gains (losses) on investments	(67,610)	10,385
Investment fees	<u>(8,275)</u>	<u>(11,112)</u>
Totals	<u>\$ (56,895)</u>	<u>\$ 28,353</u>

(3) **PROPERTY HELD FOR SALE AND IMPAIRMENT OF LONG-LIVED ASSETS**

The Organization has classified the various properties on E. Court Avenue as held for sale. The properties at 222 and 224 E. Court Avenue were sold in November 2015. The Organization recognized an impairment loss of \$95,324 as of March 31, 2015 on the properties. The provision for impairment loss represents the difference between the net carrying cost of \$215,324 and the selling price less selling costs of \$120,000.

(4) **LONG-TERM DEBT**

Long term debt at December 31, 2015 and March 31, 2015 was as follows:

	<u>December 31,</u> <u>2015</u>	<u>March 31,</u> <u>2015</u>
5.59% mortgage note payable to the bank in monthly installments of \$6,502, including interest, secured by real estate, maturing February 2019	\$ 225,673	\$ 273,416
Less payments due within one year	<u>66,928</u>	<u>64,136</u>
Total long-term debt	<u>\$ 158,745</u>	<u>\$ 209,280</u>

**FAMILY ARK, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER, 31, 2015 AND MARCH 31, 2015**

(4 - continued)

The following is a schedule by years of maturity requirements on long-term debt as of December 31, 2015:

Year ending December 31:

2016	\$ 66,928
2017	70,856
2018	74,978
2019	<u>12,911</u>
Total	\$ <u>225,673</u>

(5) **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are contributions whose use by the Organization has been limited by donors to a specific time period or purpose. When the restriction has been satisfied, temporarily restricted net assets are reported in the Statements of Activities as net assets released from restriction.

(6) **RETIREMENT PLAN**

The Organization has a 403(b) plan, which allows employees to defer a percentage of their wages and covers substantially all employees who meet certain requirements. The Organization matches 50% of employee deferrals up to 4% of the employee's wages for a maximum match of 2%. Total pension expense under this plan was \$5,207 for the period ended December 31, 2015 and \$5,655 for the year ended March 31, 2015.

(7) **CONCENTRATION**

The Organization maintains bank accounts which, at times, may exceed the \$250,000 coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses on such accounts. Management believes the Organization is not exposed to any significant risk on bank deposits.

The Organization had two Indiana counties that accounted for approximately 63% and 81% of its total revenue for the period ended December 31, 2015 and year ended March 31, 2015, respectively. These counties also accounted for approximately 56% and 78% of the Organization's total accounts receivable for the period ended December 31, 2015 and year ended March 31, 2015, respectively.

**FAMILY ARK, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER, 31, 2015 AND MARCH 31, 2015**

**(8) FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 defines fair value as 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. FASB ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Organization's financial assets and liabilities carried at fair value. The table below presents the balances of assets and liabilities measured at fair value on a recurring basis and non-recurring basis as of December 31, 2015 and March 31, 2015.

	<u>Level 1</u>	<u>Fair Value</u>		<u>Total</u>
		<u>Level 2</u>	<u>Level 3</u>	
<b>December 31, 2015:</b>				
<i>Assets Measured on a Recurring Basis</i>				
Bond Funds	\$ 13,367	\$ -	\$ -	\$ 13,367
Equity Funds	<u>1,000,192</u>	-	-	<u>1,000,192</u>
Total	<u>\$ 1,013,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,013,559</u>

**FAMILY ARK, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER, 31, 2015 AND MARCH 31, 2015**

(8 - continued)

	<u>Level 1</u>	<u>Fair Value</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>March 31, 2015:</b>				
<i>Assets Measured on a Recurring Basis</i>				
Bond Funds	\$ 275,256	\$ -	\$ -	\$ 275,256
Equity Funds	<u>799,822</u>	<u>-</u>	<u>-</u>	<u>799,822</u>
Total	<u>\$ 1,075,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,075,078</u>
<i>Assets Measured on a Non-recurring Basis</i>				
Property Held for Sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>

Valuation methodologies maximize the use of relevant observable inputs and minimize the use of unobservable inputs. 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 at December 31, 2015 and March 31, 2015.

*Bond and Equity Funds* are valued based on quoted market prices in an active market (Level 1).

*Property Held for Sale* are valued based on factors including current sales prices for comparable assets in the area, recent market analysis studies, appraisals, any recent legitimate offers and listing prices of similar properties (Level 3).

While management believes the Organization's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**(9) SUBSEQUENT EVENTS**

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through October 5, 2016, the date these financial statements were available to be issued. The Organization has determined that there are no such subsequent events.