



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B50452

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

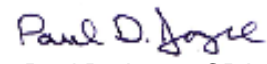
July 11, 2018

Board of Directors
John Jay Center for Learning, Inc.
101 South Meridian Street
Portland, IN 47371

We have reviewed the report prepared by John Jay Center for Learning, Inc. and opined upon by Bollenbacher & Associates, LLC, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition John Jay Center for Learning, Inc. as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Bollenbacher & Associates, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

JOHN JAY CENTER FOR LEARNING, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016

JOHN JAY CENTER FOR LEARNING, INC.

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1 & 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3 & 4
Statements of Activities.....	5 & 6
Statements of Cash Flows.....	7 & 8
Statements of Functional Expenses	9 & 10
Notes to the Financial Statements.....	11 - 21



Bollenbacher & Associates, LLC

Certified Public Accountants

Board of Directors
John Jay Center for Learning, Inc.
Portland, Indiana

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of John Jay Center for Learning, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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 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.

Board of Directors
John Jay Center For Learning, Inc.
Page (2)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of John Jay Center For Learning, Inc. as of June 30, 2017 and 2016, 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.

Bollenbacher & Associates, LLC
Portland, Indiana

August 4, 2017

John Jay Center for Learning, Inc.Statements of Financial PositionJune 30, 2017 and June 30, 2016

	<u>Assets</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 331,637	\$ 214,758
Cash and cash equivalents - Temporarily restricted	-	2,000
Accounts receivable	90,700	10,364
Pledges receivable	<u>10,000</u>	<u>-</u>
Total current assets	<u>432,337</u>	<u>227,122</u>
 <u>Property and Equipment; at cost</u>		
Buildings and renovation costs	3,868,156	3,868,156
Land improvements	76,393	76,393
Furniture and equipment	<u>263,603</u>	<u>294,774</u>
	4,208,152	4,239,323
<u>Less: Accumulated depreciation</u>	<u>(1,203,602)</u>	<u>(1,118,919)</u>
	3,004,550	3,120,404
Land	<u>141,759</u>	<u>141,759</u>
Total property and equipment	<u>3,146,309</u>	<u>3,262,163</u>
 <u>Other Assets:</u>		
Equipment not in service	<u>728,143</u>	<u>-</u>
Total noncurrent assets	<u>728,143</u>	<u>-</u>
Total assets	<u>\$ 4,306,789</u>	<u>\$ 3,489,285</u>

John Jay Center for Learning, Inc.Statements of Financial PositionJune 30, 2017 and June 30, 2016Liabilities and Net Assets

	<u>6/30/2017</u>	<u>6/30/2016</u>
<u>Current Liabilities:</u>		
Accrued expenses	\$ 73,307	\$ 16,888
Current portion non-current liability	<u>25,811</u>	<u>24,238</u>
Total current liabilities	<u>99,118</u>	<u>41,126</u>
<u>Non-Current Liabilities:</u>		
Assets held for others	36,761	-
Note payable - Bank, net of current portion	<u>266,603</u>	<u>298,554</u>
Total non-current liabilities	<u>303,364</u>	<u>298,554</u>
Total liabilities	<u>402,482</u>	<u>339,680</u>
<u>Net Assets:</u>		
Unrestricted	3,904,307	3,147,605
Temporarily restricted	<u>-</u>	<u>2,000</u>
Total net assets	<u>3,904,307</u>	<u>3,149,605</u>
Total liabilities and net assets	<u>\$ 4,306,789</u>	<u>\$ 3,489,285</u>

- See Accompanying Notes -

John Jay Center for Learning, Inc.Statement of ActivitiesFor the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support, Revenues, and Reclassifications:</u>			
Contributions and grants	\$ 1,208,669	\$ 4,000	\$ 1,212,669
Sponsorships	12,109	-	12,109
Program fees and related	6,906	-	6,906
Rent income	95,464	-	95,464
Interest income	41	-	41
Other income	1,022	-	1,022
	<u>1,324,211</u>	<u>4,000</u>	<u>1,328,211</u>
Total public support and revenues			
Net assets released from restrictions	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>
<u>Expenses:</u>			
Program	345,837	-	345,837
Management and general	195,086	-	195,086
Fundraising	32,586	-	32,586
	<u>573,509</u>	<u>-</u>	<u>573,509</u>
Total expenses			
<u>Change in Net Assets</u>	756,702	(2,000)	754,702
<u>Net Assets - Beginning</u>	<u>3,147,605</u>	<u>2,000</u>	<u>3,149,605</u>
<u>Net Assets - Ending</u>	<u>\$ 3,904,307</u>	<u>\$ -</u>	<u>\$ 3,904,307</u>

John Jay Center for Learning, Inc.Statement of ActivitiesFor the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support, Revenues, and Reclassifications:</u>			
Contributions and grants	\$ 360,811	\$ 2,000	\$ 362,811
Sponsorships	3,250	-	3,250
Program fees and related	13,589	-	13,589
Rent income	92,204	-	92,204
Interest income	66	-	66
Other income	748	-	748
	<u>470,668</u>	<u>2,000</u>	<u>472,668</u>
Total public support and revenues			
Net assets released from restrictions	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>
<u>Expenses:</u>			
Program	314,040	-	314,040
Management and general	173,716	-	173,716
Fundraising	30,752	-	30,752
	<u>518,508</u>	<u>-</u>	<u>518,508</u>
Total expenses			
<u>Change in Net Assets</u>	(44,840)	(1,000)	(45,840)
<u>Net Assets - Beginning</u>	<u>3,192,445</u>	<u>3,000</u>	<u>3,195,445</u>
<u>Net Assets - Ending</u>	<u>\$ 3,147,605</u>	<u>\$ 2,000</u>	<u>\$ 3,149,605</u>

John Jay Center for Learning, Inc.Statements of Cash FlowsFor the Years Ended June 30, 2017 and June 30, 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows from Operating Activities:</u>		
Cash received from contributions	\$ 1,086,513	\$ 303,911
Cash paid to suppliers and employees	(332,655)	(336,351)
Sponsorships	12,109	3,250
Program fees and related	6,906	13,589
Rent income	95,464	92,204
Interest income	41	66
Other income	1,022	748
Net cash provided by operating activities	<u>869,400</u>	<u>77,417</u>
<u>Cash Flows from Investing Activities:</u>		
Payments - Fixed asset purchases	-	(9,059)
Payments - Equipment not in service	(728,143)	-
Net cash used in investing activities	<u>(728,143)</u>	<u>(9,059)</u>
<u>Cash Flows from Financing Activities:</u>		
Cash received from contributions - Donor restricted	4,000	2,000
Payments - Bank loans	(30,378)	(25,914)
Net cash used in financing activities	<u>(26,378)</u>	<u>(23,914)</u>
<u>Net Change in Cash</u>	114,879	44,444
<u>Cash and Cash Equivalents - Beginning</u>	<u>216,758</u>	<u>172,314</u>
<u>Cash and Cash Equivalents - Ending</u>	<u>\$ 331,637</u>	<u>\$ 216,758</u>

- See Accompanying Notes -

John Jay Center for Learning, Inc.Statements of Cash FlowsFor the Years Ended June 30, 2017 and June 30, 2016Reconciliation of Change in Net Assets
To Net Cash Provided by Operating Activities

	<u>2017</u>	<u>2016</u>
<u>Change in Net Assets</u>	\$ 754,702	\$ (45,840)
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</u>		
Depreciation	115,854	117,241
In-kind contributions	(68,580)	(63,899)
In-kind expenses	68,580	63,899
Cash received from contributions - Donor restricted	(4,000)	(2,000)
(Increase) decrease in accounts receivable	(80,336)	(3,000)
(Increase) decrease in pledge receivables	(10,000)	10,000
Increase (decrease) in accrued expense	56,420	1,016
Increase (decrease) in assets held for others	<u>36,760</u>	<u>-</u>
Total adjustments	<u>114,698</u>	<u>123,257</u>
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 869,400</u>	<u>\$ 77,417</u>
<u>Schedule of Non-Cash Activity:</u>		
Salaries and benefits	\$ 40,000	\$ 40,000
Program expenses	<u>28,580</u>	<u>23,899</u>
Total of non-cash activity	<u>\$ 68,580</u>	<u>\$ 63,899</u>

John Jay Center for Learning, Inc.Statement of Functional ExpensesFor the Year Ended June 30, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 45,118	\$ -	\$ -	\$ 45,118
Building maintenance	21,957	6,934	741	29,632
Depreciation	85,848	27,110	2,896	115,854
Dues and subscriptions	336	106	11	453
Insurance	5,543	1,751	187	7,481
Interest	11,532	3,642	389	15,563
Internet	1,368	432	46	1,846
Occupancy	25,749	8,131	869	34,749
Payroll taxes	5,141	7,182	1,582	13,905
Postage and shipping	1,627	514	55	2,196
Professional fees	-	18,184	-	18,184
Program expenses	35,911	-	-	35,911
Salaries and benefits	81,108	113,333	24,980	219,421
Staff development	-	-	-	-
Supplies	19,052	6,016	643	25,711
Telephone	1,679	530	57	2,266
Travel	3,868	1,221	130	5,219
	<u>\$ 345,837</u>	<u>\$ 195,086</u>	<u>\$ 32,586</u>	<u>\$ 573,509</u>

John Jay Center for Learning, Inc.Statement of Functional ExpensesFor the Year Ended June 30, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 24,329	\$ -	\$ -	\$ 24,329
Building maintenance	18,652	5,890	629	25,171
Depreciation	86,876	27,434	2,931	117,241
Dues and subscriptions	268	85	9	362
Insurance	5,593	1,766	189	7,548
Interest	12,625	3,987	426	17,038
Internet	1,498	473	51	2,022
Occupancy	23,832	7,526	804	32,162
Payroll taxes	5,363	6,857	1,591	13,811
Postage and shipping	556	175	19	750
Professional fees	-	11,584	-	11,584
Program expenses	35,538	-	-	35,538
Salaries and benefits	79,017	101,008	23,432	203,457
Staff development	-	650	-	650
Supplies	17,098	5,399	577	23,074
Telephone	1,220	385	41	1,646
Travel	1,575	497	53	2,125
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 314,040</u>	<u>\$ 173,716</u>	<u>\$ 30,752</u>	<u>\$ 518,508</u>

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - John Jay Center for Learning, Inc. (Center), a nonprofit organization, is operated to facilitate learning in Jay County, Indiana. The mission is to add to the economic welfare and quality of life of Jay County citizens, by providing adult continuing education to the general population.

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION - The Center presents its financial statements in accordance with FASB *Accounting Standards Codification 958, Financial Statements of Not-for-Profit Organizations*. Under this standard, the Center is required to report information regarding 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 Center has presented its net assets according to the requirements of the statement. In addition, the Center is required to present a statement of cash flows.

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Center. Board-designated net assets represent amounts the Center has set aside for a specific purpose.

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

USE OF ESTIMATES - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

FEDERAL INCOME TAX STATUS - The Center is organized as a not-for-profit corporation under the Indiana Not-For-Profit Corporation Act of 1935 and has obtained exemption from Federal and Indiana income taxes as an organization which is not a private foundation under Internal Revenue Code 501(c)(3).

Management evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of June 30, 2017, the Center believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that materially impact the financial statements or related disclosures.

The Center's information returns are subject to examination, generally three years after the filing date.

There was unrelated business income for the years ended June 30, 2017 and 2016.

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flows, the Center considers all highly-liquid investments with initial maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT - Property and equipment owned by the Center are carried at cost or, in the case of donated property, at fair-market value at the date of gift, less accumulated depreciation. Depreciation is recorded on the straight-line method over estimated useful lives of the assets. Depreciation expense was \$115,854 and \$117,241, for the years ended June 30, 2017 and 2016, respectively.

Expenditures for maintenance and repairs and certain small elements of renewals are charged to expense as incurred, while additions and betterments are capitalized. The cost and accumulated depreciation of property sold or otherwise disposed of are removed from the accounts, and any gain or loss thereon is credited or charged to income.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED SERVICES - During the years ended June 30, 2017 and 2016, the Center received contributed services meeting the requirements for recognition in the financial statements. These services have been provided by Ivy Tech Community College of Indiana for the years ended June 30, 2017 and 2016, respectively. The value of these services have been estimated to be \$60,000 and \$60,000 for the years ended June 30, 2017 and 2016, respectively. Additional in-kind expenses for the years ended June 30, 2017 and 2016 were \$8,580 and \$3,899, respectively. The expense has been included on the statement of functional expenses as follows:

	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 40,000	\$ 40,000
Program expenses	28,580	23,899
	<u>\$ 68,580</u>	<u>\$ 63,899</u>

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

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same period are reported as unrestricted support and increase unrestricted net assets.

CONCENTRATION OF RISK - The Center receives a majority of its operating support from contributions, and through in-kind contributions of professional staff and program services support.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support received for the year ended June 30, 2017, is detailed as follows:

<u>Entity</u>	<u>Amount</u>	<u>Percent of Public Support and Revenue</u>
City of Portland	\$ 10,000	0.8%
Jay County	70,000	5.3%
The Portland Foundation	52,502	4.0%
Ivy Tech Community College of Indiana	111,719	8.4%
Jay School Corporation	141,272	10.6%
Indiana Department of Workforce Development	769,981	58.0%
	<u>\$ 1,155,474</u>	<u>87.0%</u>

Support received for the year ended June 30, 2016, is detailed as follows:

<u>Entity</u>	<u>Amount</u>	<u>Percent of Public Support and Revenue</u>
City of Portland	\$ 10,000	2.1%
Jay County	70,000	14.8%
The Portland Foundation	38,827	8.2%
Jay School Corporation	95,372	16.7%
Ivy Tech Community College of Indiana	104,752	22.1%
	<u>\$ 318,951</u>	<u>63.9%</u>

PROMISE TO GIVE - Contributions are recognized when the donor makes a promise to give to the Center, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

UNCOLLECTIBLE PLEDGES RECEIVABLE - A provision for uncollectible pledges of \$0 and \$0 has been recorded in the financial statements for the years ended June 30, 2017 and 2016, respectively. These amounts reflect management's assessment of estimated uncollectible pledges based on historical analysis of collections and past due amounts. The Center does not require any collateral relating to any type of receivables.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ADVERTISING - The Center charges advertising costs to expense as incurred. Advertising expenses amounted to \$45,118 and \$24,329 for the years ended June 30, 2017 and 2016, respectively.

NOTE 2 - PLEDGES RECEIVABLE

In the year ending June 30, 2017, donors made pledges over the next five years to the Center to be used as follows:

	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>Thereafter</u>	<u>Total</u>
Unrestricted	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Less: Discount at 3%	-	-	-	-	-	-	-
Total	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>

A discount rate of 3% per year is used to calculate the present value of pledges outstanding. The adjustment for this discount factor is included on page 5 of the financial statements under the caption "Contributions and grants". An allowance for uncollectible promises to give of \$0 has been recorded and included on the statement of financial position.

In the year ending June 30, 2016, donors made pledges over the next five years to the Center to be used as follows:

	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>Thereafter</u>	<u>Total</u>
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Discount at 3%	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A discount rate of 3% per year is used to calculate the present value of pledges outstanding. The adjustment for this discount factor is included on page 5 of the financial statements under the caption "Contributions and grants". An allowance for uncollectible promises to give of \$0 has been recorded and included on the statement of financial position.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2017:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 141,759	\$ -
Land improvements	76,393	27,377
Building and renovation costs	<u>3,868,156</u>	<u>925,367</u>
Total land, building, and renovation costs	4,086,308	952,744
Furniture and equipment	<u>263,603</u>	<u>250,858</u>
Total land, building, and equipment	<u><u>\$ 4,349,911</u></u>	<u><u>\$ 1,203,602</u></u>

Property and equipment consisted of the following at June 30, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 141,759	\$ -
Land improvements	76,393	22,284
Building and renovation costs	<u>3,868,156</u>	<u>819,261</u>
Total land, building, and renovation costs	4,086,308	841,545
Furniture and equipment	<u>294,774</u>	<u>277,374</u>
Total land, building, and equipment	<u><u>\$ 4,381,082</u></u>	<u><u>\$ 1,118,919</u></u>

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 4 - NOTES PAYABLE

	Due Within One Year	Due After One Year
Term note, MainSource Bank. The note is dated January 13, 2012, and requires monthly principal and interest payments, which began February, 2012. The note carries a variable rate of 4.99% per annum until January, 2022. Each year, thereafter, the rate will change to 3.875% above the Treasury Constant Maturity rate. The note is due January, 2027. The note is secured by a mortgage on the real estate. The note requires monthly payments of \$3,334.	\$25,811	\$266,603

The following maturities apply at June 30, 2017 and thereafter:

2018	\$ 25,811
2019	27,147
2020	28,553
2021	30,032
2022	31,587
Thereafter	149,284
	<u>\$ 292,414</u>

NOTE 5 - RECIPIENT INCOME

The Center is the recipient of the income from Hudson Charitable Trust, an endowment fund established in 1999 with endowment assets held at The Portland Foundation. Only the investment earnings from the endowment fund are payable to the Center, to be used for the maintenance and upkeep of the Center's new facilities. The donor has granted variance power to The Portland Foundation. At June 30, 2017 and 2016, the endowment fair-market value was \$588,870 and \$560,509, respectively. The Center received a distribution of \$22,701 and \$22,066 for the years ended June 30, 2017 and 2016, respectively. This distribution is included on pages 5 and 6 of the financial statements under the caption "Contributions and grants".

The Center is the recipient of the income of an endowment fund established by Betty Starbuck Estate with endowment assets held at The Portland Foundation. Only the investment earnings from the endowment fund are payable to the Center. At June 30, 2017 and 2016, the endowment fair-market value was \$287,443 and \$272,805, respectively.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 5 - RECIPIENT INCOME (continued)

The Center received a distribution of \$10,341 and \$9,545 for the years ended June 30, 2017 and 2016, respectively. This distribution is included on pages 5 and 6 of the financial statements under the caption "Contributions and grants".

NOTE 6 - IN-KIND CONTRIBUTIONS

As of June 30, 2017, the Center received in-kind contributions of \$60,000 for professional support from Ivy Tech Community College of Indiana. The Center also received additional in-kind contributions of \$8,580 from local businesses for professional fees and supplies.

As of June 30, 2016, the Center received in-kind contributions of \$60,000 for professional support from Ivy Tech Community College of Indiana. The Center also received additional in-kind contributions of \$3,899 from local businesses for professional fees and supplies.

NOTE 7 - OPERATING LEASE COMMITMENTS

In October 2014, the Center entered into a five-year lease agreement of a copier for \$193 per month through September 2019. Lease expense for the years ended June 30, 2017 and 2016 was \$2,340 and \$3,908, respectively.

Future minimum lease payments are as follows:

2018	\$	2,316
2019		579
	\$	<u>2,895</u>

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and 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.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 9 - FUNDRAISING EXPENSES

Fundraising expenses are costs related to fundraising events and direct solicitation costs and are expensed when incurred. Total fundraising costs amounted to \$32,586 and \$30,752 or approximately 6% and 7% of total support and revenue for the years ended June 30, 2017 and 2016, respectively.

NOTE 10 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash investments and accounts receivable. The Center generally places its investments with financial institutions and attempts to limit its credit exposure to any one financial institution. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2017 and 2016. At June 30, 2017 and 2016, the Center had no uninsured cash deposits.

At June 30, 2017, the Center held one outstanding individual pledge totaling \$10,000, which represents 100% of the total outstanding pledges.

NOTE 11 - ENDOWMENT FUND

During the fiscal year ending June 30, 2011, an advised scholarship endowment fund was established by the Center with the funds being held by The Portland Foundation. The purpose of this fund is to provide educational scholarships for students. The value of this fund totaled \$5,988 and \$5,689 for the years ended June 30, 2017 and 2016, respectively. The Foundation retains variance power over this fund. Accordingly, the fund is not recorded as an asset to the Center.

NOTE 12 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, the Center entered into the following related party transactions during the year:

- 1) Received grant income from an organization where a board member is employed for \$60,202.
- 2) Received rental income for office space rental from an organization where a board member is employed for \$5,670.

John Jay Center for Learning, Inc.Notes to the Financial StatementsJune 30, 2017 and June 30, 2016NOTE 12 - RELATED PARTY TRANSACTIONS (continued)

During the year ended June 30, 2016, the Center entered into the following related party transactions during the year:

- 1) Received grant income from an organization where a board member is employed for \$38,827.
- 2) Received rental income for office space rental from an organization where a board member is employed for \$5,535.

NOTE 13 - UNRELATED BUSINESS INCOME TAX

During the year ended June 30, 2008, the Center completed renovating their new facility. This facility was completed by obtaining a long-term debt. In this facility, the Center also rents office space to other organizations during the year for unrelated purposes, subjecting the profit on the rental income to unrelated business income tax. The Center derived an unrelated business income (loss) of (\$6,781) and (\$7,770) during the years ended June 30, 2017 and June 30, 2016, respectively, resulting in unrelated business tax \$0 and \$0, respectively, after the specific deduction of \$1,000.

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following:

	<u>Net Assets at 06/30/16</u>	<u>Revenue</u>	<u>Net Assets Released</u>	<u>Net Assets at 06/30/17</u>
Capital Fund	<u>\$ 2,000</u>	<u>\$ 4,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
	<u>Net Assets at 06/30/15</u>	<u>Revenue</u>	<u>Net Assets Released</u>	<u>Net Assets at 06/30/16</u>
Capital Fund	<u>\$ 3,000</u>	<u>\$ 2,000</u>	<u>\$ 3,000</u>	<u>\$ 2,000</u>

John Jay Center for Learning, Inc.

Notes to the Financial Statements

June 30, 2017 and June 30, 2016

NOTE 15 - SUBSEQUENT EVENTS

The Center has evaluated events and transactions that occurred between July 1, 2017 and August 4, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No subsequent events were noted by the Center.