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May 8, 2019


Board of Directors  
Albion Fellows Bacon Center, Inc.  
P.O. Box 3164  
Evansville, IN 47731

We have reviewed the audit report of Albion Fellows Bacon Center, Inc. which was opined upon by Weinzapfel & Co., LLC, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Albion Fellows Bacon Center, Inc. as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the Emphasis-of-Matter Regarding Restatement paragraph included in the Independent Auditors' Report and further detailed in Note 10.

In our opinion, Weinzapfel & Co., LLC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

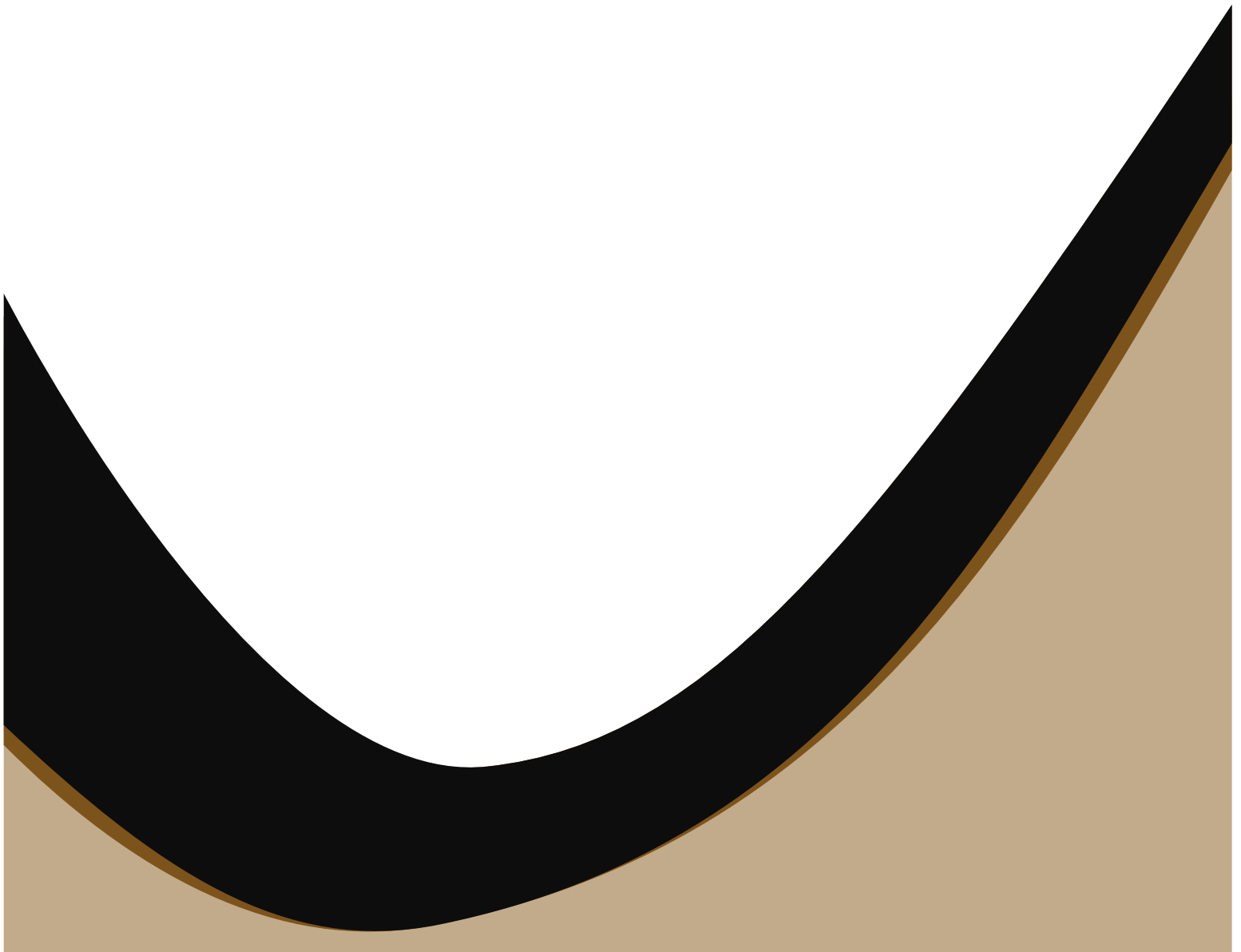
The report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner



**WEINZAPFEL & Co., LLC**

**ALBION FELLOWS BACON CENTER, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**



# CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	6
Statements of cash flows	8
Notes to financial statements	9



**WEINZAPFEL & CO., LLC**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Albion Fellows Bacon Center, Inc.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 of material misstatement.

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

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albion Fellows Bacon Center, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter Regarding Restatement***

As discussed in Note 10 to the financial statements, certain errors resulting in overstatement of amounts previously reported for deferred revenue as of December 31, 2016 and understatement of amounts previously reported for temporarily restricted contributions for the year then ended, were discovered by management of the Organization during the current year. Accordingly, amounts reported for deferred revenue and temporarily restricted contributions have been restated in the 2016 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2016, to correct the error. Our opinion is not modified with respect to that matter.

*Weinappfel & Co., PLLC*

Evansville, Indiana  
September 27, 2018

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENTS OF FINANCIAL POSITION December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 388,096	\$ 458,996
Grants receivable	91,822	116,754
Contributions receivable	8,235	10,824
Investments	84,326	73,092
Restricted cash	67,433	10,000
Property and equipment, net	<u>230,146</u>	<u>257,292</u>
Total Assets	<u>\$ 870,058</u>	<u>\$ 926,958</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 35,120	\$ 36,681
Deferred revenue	<u>100</u>	<u>2,900</u>
Total Liabilities	<u>35,220</u>	<u>39,581</u>
NET ASSETS		
Unrestricted	710,293	783,466
Temporarily restricted	<u>124,545</u>	<u>103,911</u>
Total Net Assets	<u>834,838</u>	<u>887,377</u>
Total Liabilities and Net Assets	<u>\$ 870,058</u>	<u>\$ 926,958</u>

See Notes to Financial Statements

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF ACTIVITIES Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Government grants	\$ 605,754	\$ -	\$ 605,754
Public support:			
United Way	155,356	-	155,356
Contributions and other grants	185,056	82,370	267,426
In-kind contributions	2,380	-	2,380
Special events	90,583	-	90,583
Membership dues	4,832	-	4,832
Investment return	11,388	-	11,388
Other revenue	(1,825)	-	(1,825)
Net assets released from restrictions	61,736	(61,736)	-
Total Revenues	<u>1,115,260</u>	<u>20,634</u>	<u>1,135,894</u>
EXPENSES			
Program services	944,269	-	944,269
Administrative	183,282	-	183,282
Fundraising	60,882	-	60,882
Total Expenses	<u>1,188,433</u>	<u>-</u>	<u>1,188,433</u>
CHANGE IN NET ASSETS	(73,173)	20,634	(52,539)
Net Assets - Beginning of Year	<u>783,466</u>	<u>103,911</u>	<u>887,377</u>
Net Assets - End of Year	<u>\$ 710,293</u>	<u>\$ 124,545</u>	<u>\$ 834,838</u>

See Notes to Financial Statements

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF ACTIVITIES Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Government grants	\$ 716,669	\$ -	\$ 716,669
Public support:			
United Way	146,704	-	146,704
Contributions and other grants	259,297	73,466	332,763
In-kind contributions	2,635	-	2,635
Special events	120,949	-	120,949
Membership dues	7,339	-	7,339
Investment return	7,309	-	7,309
Other revenue	-	-	-
Net assets released from restrictions	40,447	(40,447)	-
Total Revenues	1,301,349	33,019	1,334,368
EXPENSES			
Program services	963,331	-	963,331
Administrative	184,748	-	184,748
Fundraising	61,377	-	61,377
Total Expenses	1,209,456	-	1,209,456
CHANGE IN NET ASSETS	91,893	33,019	124,912
Net Assets - Beginning of Year	691,573	70,892	762,465
Net Assets - End of Year	\$ 783,466	\$ 103,911	\$ 887,377

See Notes to Financial Statements

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2017

	Program Services	Administrative	Fundraising	Total
Salaries and wages	\$ 602,291	\$ 142,647	\$ 14,254	\$ 759,192
Payroll taxes	46,089	10,916	1,091	58,096
Workers' compensation	4,934	1,169	117	6,220
Employee health insurance	43,314	10,259	1,025	54,598
Employee benefits	5,195	1,231	123	6,549
Total salaries and related expenses	701,823	166,222	16,610	884,655
Books and subscriptions	35	-	-	35
Conference expenses	3,364	69	-	3,433
Depreciation	37,244	1,960	-	39,204
Designated expenses	27,726	-	-	27,726
Donated clothing and household items	44,102	-	-	44,102
Dues	760	-	-	760
Emergency aid	6,193	-	-	6,193
Food	10,135	-	-	10,135
Fees	-	1,861	-	1,861
Insurance	12,050	634	-	12,684
Location expenses	21,468	1,130	-	22,598
Maintenance and repairs	19,223	1,012	-	20,235
Miscellaneous	1,766	-	-	1,766
Office supplies	3,261	179	143	3,583
Postage	939	63	250	1,252
Professional services	12,200	8,566	5,192	25,958
Special events	-	-	38,538	38,538
Supplies	7,839	-	-	7,839
Telephone	7,557	402	80	8,039
Transportation	6,728	139	69	6,936
Trash removal	911	48	-	959
Utilities	18,945	997	-	19,942
	<u>\$ 944,269</u>	<u>\$ 183,282</u>	<u>\$ 60,882</u>	<u>\$ 1,188,433</u>

*See Notes to Financial Statements*

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2016

	Program Services	Administrative	Fundraising	Total
Salaries and wages	\$ 606,868	\$ 143,730	\$ 14,362	\$ 764,960
Payroll taxes	49,943	11,829	1,182	62,954
Workers' compensation	9,907	2,346	234	12,487
Employee health insurance	49,469	11,716	1,171	62,356
Employee benefits	4,822	1,142	114	6,078
Total salaries and related expenses	721,009	170,763	17,063	908,835
Books and subscriptions	70	-	-	70
Conference expenses	4,952	101	-	5,053
Depreciation	35,904	1,890	-	37,794
Designated expenses	36,276	-	-	36,276
Donated clothing and household items	27,677	-	-	27,677
Dues	1,199	-	-	1,199
Emergency aid	6,215	-	-	6,215
Fees	0	1,014	-	1,014
Food	9,251	-	-	9,251
Insurance	13,578	715	-	14,293
Location expenses	23,458	1,235	-	24,693
Maintenance and repairs	17,200	905	-	18,105
Miscellaneous	4,906	-	-	4,906
Office supplies	9,746	535	428	10,709
Postage	1,148	77	306	1,531
Professional services	8,535	5,992	3,632	18,159
Special events	-	-	39,791	39,791
Supplies	9,047	-	-	9,047
Telephone	7,784	414	83	8,281
Transportation	7,154	148	74	7,376
Trash removal	759	40	-	799
Utilities	17,463	919	-	18,382
	<u>\$ 963,331</u>	<u>\$ 184,748</u>	<u>\$ 61,377</u>	<u>\$ 1,209,456</u>

*See Notes to Financial Statements*

# ALBION FELLOWS BACON CENTER, INC.

## STATEMENTS OF CASH FLOWS Years Ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash collected from support and programs	\$ 1,147,723	\$ 1,269,788
Cash paid to employees and suppliers	(1,150,790)	(1,165,128)
Interest and dividends received	4,432	3,110
Net cash provided by operating activities	1,365	107,770
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(4,278)	(2,670)
Change in restricted cash	(57,433)	27,093
Purchase of property and equipment	(10,554)	(91,460)
Net cash used in financing activities	(72,265)	(67,037)
Net (Decrease) Increase in Cash and Cash Equivalents	(70,900)	40,733
Cash and Cash Equivalents - Beginning of Year	458,996	418,263
Cash and Cash Equivalents - End of Year	\$ 388,096	\$ 458,996
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (52,539)	\$ 124,912
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	39,204	37,794
Donated property and equipment included in contributions	(3,369)	(1,035)
Net unrealized gain on investments	(6,956)	(4,199)
Loss on property and equipment disposal	1,865	-
Changes in assets and liabilities:		
Grants and contributions receivable	27,521	(18,136)
Accounts payable and accrued expenses	(1,561)	6,534
Deferred revenue	(2,800)	(38,100)
Net cash provided by operating activities	\$ 1,365	\$ 107,770

*See Notes to Financial Statements*

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 1**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Nature of activities:**

Albion Fellows Bacon Center, Inc. (the Organization) assists women and children in crisis, predominantly in Southwestern Indiana, through maintenance of a safe and comfortable facility and through counseling, outreach and legal advocacy. The Organization is supported primarily through government grants, donor contributions, the United Way and special events.

**A summary of the Organization's significant accounting policies follows:**

**Basis of presentation:**

The Organization reports information regarding the financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

**Unrestricted net assets:**

Unrestricted net assets are not subject to donor-imposed stipulations and are those currently available at the discretion of the Board for use in the Organization's operations, in accordance with its bylaws.

**Temporarily restricted net assets:**

Temporarily restricted net assets are those which are subject to donor-imposed stipulations that will be met by the Organization and/or the passage of time.

**Permanently restricted net assets:**

Permanently restricted net assets are those which represent permanent endowments where it is stipulated by donors to be maintained by the Organization in perpetuity. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed or time restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted explicitly by donor stipulation or by law.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 1 (Continued)**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents:**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

**Restricted cash:**

Cash restricted for capital purchases and special projects has been restricted by donors and is not available for operating purposes.

**Grants receivable:**

Grants receivable are stated at the amount management expects to collect from grantors. Management determines a balance to be uncollectible only when notified by the grantor that the Organization will not be receiving the funds. The direct charge-off method is used to account for losses in collection of grants receivable. There were no uncollectible grants for the years ended December 31, 2017 and 2016, respectively.

**Property and equipment:**

The Organization capitalizes property and equipment over \$500. Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which range from 3 to 40 years. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the asset to a specific purpose. Maintenance and repairs are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in the change in net assets.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 1 (Continued)**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Investments:**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Investment return includes interest, dividends, realized and unrealized gains and losses and is included in the change in net assets. Investment income is reported as increases in unrestricted net assets unless a donor or law restricts their use.

**Contributions:**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Organization rarely receives unconditional promises to give more than one year in the future, that is, nearly all unconditional contributions are received at the time the promise is made or within one year. Based on management's evaluation, contributions receivable are considered collectible and no allowance was deemed necessary at December 31, 2017 and 2016.

**Contributed services:**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist with the Organization's program services and fundraising campaigns, but these services do not meet the criteria for recognition as contributed services.

**Functional expenses:**

The costs of supporting the various programs and other activities are reported on a functional basis. Certain costs have been allocated among the program services, administrative and fundraising categories based on the actual direct expenditures and cost allocations based upon estimates of time spent by Organization personnel. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 1 (Continued)**  
**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**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 and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been reflected in the financial statements.

The Organization is subject to potential examination by the Internal Revenue Service and Indiana Department of Revenue. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes the Organization is no longer subject to tax examinations for years prior to 2014. The Organization has evaluated its tax positions for all open tax years and management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2017 and 2016. If assessed, the Organization classifies any interest and penalties recognized with a tax position as other expenses.

**Recently issued accounting standards:**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization is not required to adopt until its year ending December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This ASU completes the first phase of a two phase project to amend not-for-profit financial reporting requirements.

The Organization has evaluated the effects that this ASU will have on its future financial statements, including related disclosures and expects the required presentation and disclosure information to be readily available in its current accounting system.

**Subsequent events:**

Management has evaluated subsequent events through September 27, 2018, the date which the financial statements were available to be issued.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 2**  
**PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Buildings, land and improvements	\$ 442,955	\$ 450,090
Vehicles	41,779	40,689
Furniture and equipment	142,688	138,034
Construction in progress	<u>50,000</u>	<u>50,000</u>
	677,422	678,813
Less accumulated depreciation	<u>447,276</u>	<u>421,521</u>
	<u>\$ 230,146</u>	<u>\$ 257,292</u>

Depreciation expense totaled \$39,204 and \$37,794 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 3**  
**INVESTMENTS**

Investments consisted of marketable equity securities at December 31, 2017 and 2016.

Total investment return is summarized as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 4,432	\$ 3,110
Net unrealized gain	<u>6,956</u>	<u>4,199</u>
	<u>\$ 11,388</u>	<u>\$ 7,309</u>

**NOTE 4**  
**FAIR VALUE MEASUREMENTS**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 4 (continued)**  
**FAIR VALUE MEASUREMENTS**

Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no assets requiring the use of Level 2 or Level 3 inputs for the periods presented.

**Level 1 fair value measurements:**

The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2017 and 2016:

	Fair Value Measurements at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 84,326	\$ -	\$ -	\$ 84,326

	Fair Value Measurements at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 73,092	\$ -	\$ -	\$ 73,092

The Organization's policy is to recognize transfers between Levels 1 and 2 and into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2017 and 2016, there were no significant transfers between Levels 1 and 2 and no transfers into or out of Level 3.

**NOTE 5**  
**LINE OF CREDIT**

The Organization has a \$50,000 line of credit with German American Bancorp with interest payable monthly at the prime rate plus 0.50%. The line of credit matures December 2018 and is secured by substantially all assets of the Organization. There were no borrowings against this line of credit at December 31, 2017 and 2016.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 6**  
**RESTRICTIONS ON NET ASSETS**

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

	<u>2017</u>	<u>2016</u>
Appliances and equipment	\$ 22,083	\$ 22,881
Outreach and awareness	44,445	80,971
Capital Campaign	57,958	-
Children's program	<u>59</u>	<u>59</u>
	<u>\$ 124,545</u>	<u>\$ 103,911</u>

The total amount expended for these purposes consisted of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Appliances and equipment	\$ 6,503	\$ 21,750
Outreach and awareness	55,233	18,679
Children's program	<u>-</u>	<u>18</u>
	<u>\$ 61,736</u>	<u>\$ 40,447</u>

Included in unrestricted net assets are board-designated funds totaling \$108,747 and \$113,177 at December 31, 2017 and 2016, respectively.

**NOTE 7**  
**RETIREMENT PLAN**

The Organization has a 403(b) retirement plan covering all employees who meet certain eligibility requirements. The Organization contributes a matching contribution of 50% of each participant's contribution, up to 4% of each participant's compensation. Contributions to the plan were \$6,549 and \$6,078 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 8**  
**LEASE COMMITMENTS**

The Organization leases an additional Evansville office space under the terms of an operating lease, which expires April 2019. Rent expense related to this lease totaled \$16,260 for both the years ended December 31, 2017 and 2016.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 8 (continued)**  
**LEASE COMMITMENTS**

Subsequent to the end of the year on February 1, 2018, the Organization entered into an operating lease for office space in Gibson County which expires in February 2020. The terms of the lease provide for monthly in-kind contributions of \$350 from the lessor to offset the monthly rent expense.

The future minimum lease payments required under these operating leases are as follows for the years subsequent to December 31, 2017:

2018	\$ 20,110
2019	6,620
2020	<u>350</u>
	<u>\$ 30,080</u>

**NOTE 9**  
**CONCENTRATIONS OF RISKS**

The Organization maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Approximately 53% and 54% of the Organization's revenue during the years ended December 31, 2017 and 2016, respectively, was derived from grants from the Federal government passed through the State of Indiana. Typically, the grants are renewed annually; therefore, the current level of the Organization's operations and program services may be impacted or segments discontinued if the funding is not renewed. In addition, the majority of the grants contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate any or an adequate supply of funds to maintain the current funding levels. Any deferred revenue or excess funds on hand from government grants at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date.

**ALBION FELLOWS BACON CENTER, INC.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**NOTE 10**  
**RESTATEMENT**

The Organization has discovered that previously issued financial statements included certain errors related to deferred revenue and temporarily restricted net assets. The errors in accounting for temporarily restricted contributions resulted in differences in the previously issued financial statements for December 31, 2016 sufficient to require restatement of the previously issued financial statements. An adjustment has been made to temporarily restricted net assets as of December 31, 2016 to correct the error. The following sets forth the previously reported and restated amounts of selected items within the statement of financial position as of December 31, 2016 and within the statement of activities for the year ended December 31, 2016.

Selected Statement of Financial Position Data as of December 31,:

	<u>2016</u>
Temporarily restricted net assets	
As previously reported	\$ 48,911
As restated	103,911
Deferred revenue	
As previously reported	57,900
As restated	2,900

Selected Statement of Activities Data for the year ended December 31,:

	<u>2016</u>
Temporarily restricted contributions	
As previously reported	\$ 18,466
As restated	73,466
Change in temporarily restricted net assets	
As previously reported	(21,981)
As restated	33,019
Change in total net assets	
As previously reported	69,912
As restated	124,912