EL CENTRO, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2015
with
Independent Auditors’ Report

EL CENTRO, INC.

FINANCIAL STATEMENTS

June 30, 2015

CONTENTS

Keller & Owens, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
El Centro, Inc.

We have audited the accompanying financial statements of **El Centro, Inc.** (the "Organization") (a Kansas corporation), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' 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 auditors' 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 auditors consider 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 **El Centro, Inc.** as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and our report dated December 9, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Keller & Owens, LLC

Overland Park, Kansas
November 25, 2015

EL CENTRO, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2015

(With comparative totals at June 30, 2014)

ASSETS	2015	2014
Cash and Cash Equivalents	$ 421,917	$ 681,137
Temporary Cash Investments	371,696	369,095
Accounts Receivable, no allowance for doubtful accounts	14,597	10,532
Contributions Receivable, net	15,162	3,923
Mortgage Loans Receivable, net	423,838	450,014
Interest in Assets Held by Others	4,954,395	4,576,363
Prepaid Expenses, Deposits and Other Assets	17,087	16,212
Property Held for Sale	-	95,598
Property and Equipment, net	1,654,287	1,753,974
Total Assets	$ 7,872,979	$ 7,956,848
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	$ 133,973	$ 144,169
Notes Payable and Capital Leases	98,431	117,806
Total Liabilities	232,404	261,975
Net Assets:		
Unrestricted:		
Board-designated	5,524,252	4,576,363
Undesignated	1,868,791	2,809,219
Total Unrestricted	7,393,043	7,385,582
Temporarily Restricted	247,532	309,291
Total Net Assets	7,640,575	7,694,873
Total Liabilities and Net Assets	$ 7,872,979	$ 7,956,848

See accompanying notes

EL CENTRO, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015			
	Unrestricted	Temporarily Restricted	Total	2014 Total
Revenue and support:				
Individual and corporate contributions	$ 259,363	$ 34,413	$ 293,776	$ 250,333
Foundation contributions	428,168	174,294	602,462	616,640
Federal, state and local government grants	122,570	16,610	139,180	152,239
Investment return	210,484	-	210,484	833,085
Mortgage interest income	40,349	-	40,349	48,663
Program services	409,270	-	409,270	417,006
Rental income	104,031	-	104,031	108,094
ECI Development activities	-	-	-	132,536
Other	42,795	-	42,795	10,733
Net assets released from restrictions	287,076	(287,076)	-	-
Total Revenue and Support	1,904,106	(61,759)	1,842,347	2,569,329
Expenses:				
Program services	1,665,538	-	1,665,538	1,558,275
Management and general	151,096	-	151,096	170,149
Fundraising	178,413	-	178,413	189,029
Total Expenses	1,995,047	-	1,995,047	1,917,453
Other Revenue and Expenses:				
Gain on sale of property held for sale	98,402	-	98,402	-
Total Other Revenue and Expenses:	98,402	-	98,402	-
Change in Net Assets	7,461	(61,759)	(54,298)	651,876
Net Assets, Beginning of Year	7,385,582	309,291	7,694,873	7,042,997
Net Assets, End of Year	$ 7,393,043	$ 247,532	$ 7,640,575	$ 7,694,873

See accompanying notes

EL CENTRO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015				2014
	Program Services	Management and General	Fundraising	Total	2014 Total
Salaries and wages	$ 894,650	$ 57,494	$ 123,812	$ 1,075,956	$ 1,054,673
Employee benefits	161,770	10,602	22,270	194,642	182,956
Utilities	97,210	6,167	4,945	108,322	119,492
Grants to individuals	107,225	-	-	107,225	55,697
Depreciation and amortization	87,584	8,442	9,497	105,523	104,829
Professional fees	40,137	47,326	8,631	96,094	105,720
Building, grounds, and equipment maintenance	83,146	3,039	1,564	87,749	89,681
Food service	40,080	-	-	40,080	41,643
Other program expenses	30,768	-	-	30,768	20,759
Miscellaneous	11,841	9,166	2,154	23,161	20,870
Insurance	23,838	1,068	593	25,499	27,506
Staff development	16,318	3,863	799	20,980	20,510
Travel	17,157	1,418	1,272	19,847	15,637
Real estate and property taxes	16,246	1,409	783	18,438	22,634
Office supplies	13,403	828	1,244	15,475	7,423
Rent	7,025	-	-	7,025	6,900
Printing and publication	5,584	-	357	5,941	8,156
Interest expense	5,290	111	235	5,636	6,150
Bad debt expense	4,794	-	-	4,794	4,794
Postage	1,472	163	257	1,892	1,423
Total Expenses	$ 1,665,538	$ 151,096	$ 178,413	$ 1,995,047	$ 1,917,453

See accompanying notes

EL CENTRO INC.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	$ (54,298)	$ 651,876
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation and amortization	105,523	104,829
Gain on housing activities	-	(110,000)
Decrease in allowance for uncollectible mortgage loans receivable	4,837	(1,225)
Increase in allowance for uncollectible contributions receivable	(43)	6,019
Net realized and unrealized gains on interest in assets held by others	(110,841)	(738,850)
Gain on sale of property held for sale	(98,402)	-
(Increase) Decrease in:		
Accounts receivable	(4,065)	46,658
Contributions receivable	(11,196)	5,599
Mortgage loans receivable	21,339	107,669
Prepaid expenses, deposits and other assets	(875)	4,760
Decrease in accounts payable and accrued expenses	(10,196)	(59,850)
Net Cash (Used) Provided by Operating Activities	(158,217)	17,485
Cash Flows From Investing Activities:		
Purchases of property and equipment	(5,836)	(72,596)
Proceeds from sale of property held for sale	196,500	110,000
Payment of settlement costs on sale of property held for sale	(2,500)	-
Purchases of temporary cash investments	(2,601)	-
Purchase of interest in assets held by others	(276,876)	(74,955)
Proceeds from sale of interest in assets held by others	9,685	111,450
Net Cash (Used) Provided by Investing Activities	(81,628)	73,899
Cash Flows From Financing Activities:		
Principal payments on notes payable and capital leases	(19,375)	(18,608)
Net Cash Used by Financing Activities	(19,375)	(18,608)
(Decrease) Increase in Cash and Cash Equivalents	(259,220)	72,776
Cash and Cash Equivalents, Beginning of Year	681,137	608,361
Cash and Cash Equivalents, End of Year	$ 421,917	$ 681,137
Supplemental Cash Flow Information:		
Interest paid	$ 5,636	$ 6,150

See accompanying notes

EL CENTRO, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - El Centro, Inc. (the "Organization") is a not-for-profit organization whose mission is strengthening communities and improving lives of Latinos and others through educational, social, and economic opportunities. The Organization's revenues and other support are derived principally from contributions, program service fees, federal and state grants and its activities are conducted principally in Wyandotte and Johnson County, Kansas. **ECI Development Corporation** (the "Affiliate") is a nonprofit organization affiliated with the Organization through the common voting interest in the Boards of Directors and the significant economic interest which exists between the entities. The Affiliate's purpose is to revitalize underutilized land and attract new industry into the area to foster new job opportunities and stimulate economic growth in the Kansas City metro area. In June 2014, the Affiliate discontinued its operations and contributed its net assets to the Organization.

Advertising Costs – The Organization uses advertising to promote its programs among the community it serves. The costs of advertising are expensed as incurred. Advertising expense for the years ended June 30, 2015 and 2014 was $4,526 and $2,939, respectively.

Basis of Accounting – The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain support and revenue are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-210, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets:

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

Temporarily restricted net assets - consist of donor-restricted contributions. 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 restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions." Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. There were no permanently restricted net assets at June 30, 2015 and 2014.

Cash and Cash Equivalents – For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Comparative Financial Information – The amounts shown for the year ended June 30, 2014 in the accompanying financial statements are included to provide a basis of comparison with 2015 and present summarized totals only. Accordingly, the 2014 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Concentrations of Credit Risk - The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds.

Contributions Receivable – Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at a discounted present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Management provides for estimated uncollectible accounts through a charge to the statement of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. The allowance for uncollectible pledges is based on management's assessment of the collectability of specific donors' pledges and the aging of pledges receivable. All pledges or portions thereof, deemed to be uncollectible, are written off to the allowance for uncollectible pledges.

EL CENTRO, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses – The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general, and fundraising categories based on time allocations, full-time equivalent measures, and building square footage.

Government Grants – Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes – The Organization is a non-profit organization exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the code. Among other things, the Organization is exempt from income, FUTA, and state and local real estate taxes.

The Organization's policy with regard to FASB ASC 740-10 is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2014 and, accordingly, no liability has been accrued. However, the Organization's returns are subject to examination by the Internal Revenue Service generally for three years after they were filed.

Interest in Assets Held by Others – The investment of a beneficial interest in a community foundation is reported in the statement of financial position at its net asset value as a practical expedient for measuring fair value. As allowed, the Organization has adopted FASB Accounting Standards Update ("ASU") 2015-07, which permits the Organization to exclude investments measured using this practical expedient from the fair value hierarchy and relieves the Organization from disclosing certain information related to the hierarchy. Unrealized gains and losses are included in the change in net assets.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Lived Assets – Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the assets, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less cost to sell. Long-lived assets were measured for impairment and no adjustments were deemed necessary during the years ended June 30, 2015 and 2014.

Mortgage Loans Receivable and Allowance for Loan Losses – The Organization has mortgage loans receivable stated at outstanding principal balances net of charge-offs and the allowance for loan losses. The loans bear interest at rates between 5% and 9.125%, due from individual homeowners. Required monthly payments of principal and interest approximate $4,359 in the aggregate. The notes are secured by the respective homes and are due over periods up to 30 years, with final payment due dates ranging from 2018 to 2038. Interest income on loans is calculated using the simple interest method on the daily balances of the principal amounts outstanding.

The Organization provides an allowance for uncollectible mortgage loans receivable, which is based upon a review of outstanding receivables, historical collection information, economic conditions and estimated fair value of the homes. The Organization monitors credit worthiness based on timeliness of payments according to the contractual terms. Loans past due for more than 15 days are considered delinquent. Interest continues to accrue on delinquent accounts until the account is written off. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the homeowner. When a loan is one month overdue, a specific allowance equivalent to 2% of the outstanding balance is made. When a loan is two or more months overdue, a specific allowance equivalent to 5% of the outstanding balance is made. The minimum allowance for loan loss balance is 1% as a general provision.

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation. Expenditures for property and equipment over $1,000 that meet the definition of a capital asset are capitalized and depreciated using the straight-line method over the estimated useful life of the asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

EL CENTRO, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	5 - 39 years
Equipment, furniture, and vehicles	3 - 10 years
Software	3 years

Temporary Cash Investments – Temporary cash investments consist of a deposit with the Archdiocese of Kansas City in Kansas and certificates of deposit with maturities ranging between 12 and 36 months and that bear interest at rates ranging between 0.35% and 1.10%.

Subsequent Events - Management has evaluated events and transactions that have occurred since June 30, 2015 and reflected their effects, if any, in these financial statements through November 25, 2015, the date the financial statements were available to be issued.

2. TEMPORARY CASH INVESTMENTS

Temporary cash investments consist of the following at June 30:

	2015	2014
Deposit with Archdiocese of Kansas City in Kansas	$ 110,381	$ 109,285
Certificates of deposit	261,315	259,810
Total Temporary Cash Investments	$ 371,696	$ 369,095

3. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are summarized at June 30 as follows:

	2015	2014
Total contributions receivable	$ 59,672	$ 48,000
Less: discount to present value	614	138
Less: allowance for uncollectible contributions	43,896	43,939
Contributions Receivable, net	$ 15,162	$ 3,923
Amounts due in:		
Less than one year	$ 42,797	$ 44,375
One to five years	16,875	3,625
Total Contributions Receivable	$ 59,672	$ 48,000

4. MORTGAGE LOANS RECEIVABLE

The following is a summary of the Organization's allowance for loan losses and loan portfolio at June 30, consisting of residential real estate mortgages.

Performing	$ 251,775	$ 355,178
Nonperforming and on non-accrual	182,975	100,911
Total Mortgage Loans Receivable	434,750	456,089
Allowance for loan losses, beginning of year	6,075	7,300
Provision for loan losses	4,837	(1,225)
Allowance for loan losses, end of year	10,912	6,075
Mortgage Loans Receivable, net	$ 423,838	$ 450,014

5. INTEREST IN ASSETS HELD BY OTHERS

The Organization has transferred assets to the Greater Kansas City Community Foundation (the "Foundation") and retained a beneficial interest in those assets. The Organization recommends the investment direction of the fund and all investment incomes and losses earned on the fund is credited to the Organization's account. Distributions are made with instructions from the Organization, but the Foundation retains the ultimate authority and control over the fund. The beneficial interest in the Foundation consists of the following at June 30, 2015 and 2014:

	2015	2014
Money Market Pool	$ 11,261	$ 9,927
Short-Term Fixed Income Pool	138,137	123,468
Intermediate-Term Fixed Income Pool	548,325	89,865
Equity Pool	4,256,672	3,859,392
Alternative Investment Pool	-	493,711
Total Interest in Assets Held by Others	$ 4,954,395	$ 4,576,363

Below is a description of the nature, characteristics, and risk of the various classes of investments indicated above:

Money Market Pool – The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant-making and payment of fees and administrative costs while providing desired principal stability. The long-term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. The performance objective of the Money Market Pool is to meet or exceed the performance of the 90-Day Treasury Bill, a truly "liquid" money market benchmark. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests primarily in bank deposits and high-quality institutional money market funds. The money market fund's holdings include U.S. dollar denominated money market securities of domestic and foreign issuers rated in the highest category by at least two nationally recognized rating services, U.S. Government securities, and repurchase agreements.

5. INTEREST IN ASSETS HELD BY OTHERS (continued)

Short-Term Fixed Income Pool – The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Short-Term Fixed Income Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Short-Term Fixed Income Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The Short-Term Fixed Income Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

Intermediate-Term Fixed Income Pool – The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Intermediate-Term Fixed Income Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Intermediate-Term Fixed Income Pool is diversified across U.S. Treasuries notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Intermediate-Term Fixed Income Pool will be commensurate with broad fixed income benchmarks such as the Barclays U.S. Aggregate Bond Index.

Equity Pool – The long-term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

If the Organization were to redeem its beneficial interest in the community foundation, the community foundation would liquidate the pooled funds at the nearest month-end, wait a couple of days to ensure all earnings from the pools have been applied and credited, and disburse the entirety of the funds shortly thereafter.

5. INTEREST IN ASSETS HELD BY OTHERS (continued)

Investment return for the years ended June 30, 2015 and 2014 is summarized as follows:

	2015	2014
Interest and dividends	$ 96,087	$ 90,183
Other interest	3,557	4,052
Net realized gains	16,344	993,942
Net unrealized gains (losses)	94,496	(255,092)
Total Investment Return	$ 210,484	$ 833,085

Fees and expenses of $15,710 and $15,227 for the years ended June 30, 2015 and 2014, respectively, are reflected in service charges on the statement of functional expenses.

6. PROPERTY HELD FOR SALE

Property held for sale consists of the following at June 30:

Office building	$ -	$ 95,598

During the year ended September 30, 2015, the Organization sold the office building for $196,500, which resulted in a net gain of $98,402.

7. PROPERTY AND EQUIPMENT

Property and equipment includes the following:

Land	$ 13,500	$ 13,500
Buildings and improvements	2,388,167	2,472,885
Equipment, furniture, and vehicles	259,420	282,349
Software	14,617	28,245
Construction in progress	-	2,800
	2,675,704	2,799,779
Less accumulated depreciation and amortization	1,021,417	1,045,805
Total Property and Equipment, net	$ 1,654,287	$ 1,753,974

Depreciation and amortization expenses totaled $105,523 and $104,829 for the years ended June 30, 2015 and 2014.

EL CENTRO, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

8. NOTES PAYABLE AND CAPITAL LEASES

	2015	2014
Note bearing interest at 6.125%, payable in monthly installments of $329, including interest. The loan matures on January 1, 2018. The loan is collateralized by certain real property.	$ 9,021	$ 12,308
Note bearing interest at 6%, payable in monthly installments of $378, including interest. The loan matures on September 1, 2035. The loan is collateralized by certain real property.	53,033	54,336
Capital lease bearing interest at 3.45%, payable in monthly installments of $890, including interest. Final payment is due June 2018. The note is collateralized by equipment having a net book value of $29,387.	30,393	39,846
Capital lease bearing interest at 3.4%, payable in monthly installments of $470, including interest. Final payment is due July 1, 2016. The note is collateralized by equipment having a net book value of $9,948.	5,984	11,316
Total Notes Payable and Capital Leases	$ 98,431	$ 117,806

Aggregate annual maturities on notes payable and capital lease obligations are as follows:

Years Ending June 30	
2016	$ 20,185
2017	15,786
2018	13,861
2019	1,663
2020	1,766
Thereafter	45,170
Total	$ 98,431

9. NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	2015	2014
Family services	$ 220,500	$ 286,686
Facilities improvements	11,870	18,682
Time restrictions	15,162	3,923
Total Temporarily Restricted Net Assets	$ 247,532	$ 309,291

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions during the years ended June 30 were for the following purposes:

Family services	$ 277,853	$ 207,304
Facilities improvements	6,812	19,805
Time restrictions expired	2,411	13,188
Total Net Assets Released From Restrictions	$ 287,076	$ 240,297

10. ENDOWMENT

The Organization has a board-designated endowment fund which is invested at the Greater Kansas Community Foundation (“GKCCF”) known as the El Centro, Inc. Endowment Fund (“the Fund”). The Organization retains a beneficial interest in these assets.

10. ENDOWMENT (continued)

Kansas adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2008. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the various funds
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The following is a summary of the Organization's endowment net asset composition by type of fund as of June 30, 2015 and 2014:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated	$4,954,395	$ -	$ -	$4,954,395
Total Endowment Net Assets	$4,954,395	$ -	$ -	$4,954,395

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated	$4,576,363	$ -	$ -	$4,576,363
Total Endowment Net Assets	$4,576,363	$ -	$ -	$4,576,363

10. ENDOWMENT (continued)

Changes in the Organization's endowment net assets for the year ended June 30, 2015 and 2014 are as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$4,576,363	$ -	$ -	$4,576,363
Contributions	196,500	-	-	196,500
Investment return:				
Interest and dividends, net of fees	80,377	-	-	80,377
Net realized and unrealized gains	110,840	-	-	110,840
Total investment return	191,217	-	-	191,217
Other changes:				
Transfers to remove board-designated endowment funds	(9,685)	-	-	(9,685)
Endowment net assets, end of year	$4,954,395	$ -	$ -	$4,954,395

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$3,822,051	$ -	$ -	$3,822,051
Investment return:				
Interest and dividends, net of fees	74,955	-	-	74,955
Net realized and unrealized gains	738,850	-	-	738,850
Total investment return	813,805	-	-	813,805
Other changes:				
Transfers to remove board-designated endowment funds	(59,493)	-	-	(59,493)
Endowment net assets, end of year	$4,576,363	$ -	$ -	$4,576,363

Return Objectives and Risk Parameters – The Organization has adopted endowment investment and spending policies with the assistance of GKCCF that attempt to provide a predictable stream of funding to programs supported by its endowment while ensuring that the purchasing power of the endowment assets do not decline over time.

10. ENDOWMENT (continued)

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy – Absent any donor restrictions, the Organization has adopted GKCCF's spending policy, which allows a 5% annual distribution computed using the average of the past three year-end Fund balances. Absent any donor restrictions, board-designated funds may be transferred to or from the Organization at any time.

Appropriation of Endowment Assets for Next Fiscal Year – For the 2015 fiscal year, the Organization has not appropriated any of its endowment assets.

11. LEASE COMMITMENTS

The Organization rents commercial and office space to a variety of businesses at monthly rates from $160 to $2,850 for periods ending through October 31, 2016. The following is a schedule of future minimum rentals under non-cancelable operating leases.

Year Ending June 30	
2016	$ 56,378

The rental space is carried at a cost of approximately $417,577 less accumulated depreciation of $160,513 at June 30, 2015.

12. RETIREMENT PLAN

The Organization has a 403(b) program for substantially all of its employees. The Organization makes discretionary contributions equal to 2% of eligible compensation and also match 100% of the employees' contributions up to 1% of eligible compensation. Retirement plan expense was $32,676 and $30,030 in 2015 and 2014, respectively.