

**Interfaith CarePartners, Inc.
And Affiliate**

COMBINED FINANCIAL STATEMENTS


December 31, 2016 and 2015



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Interfaith CarePartners, Inc. and Affiliate
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Interfaith CarePartners, Inc.
Houston, Texas

We have audited the accompanying combined financial statements of Interfaith CarePartners, Inc. (a Texas non-profit corporation) and affiliate (collectively, the "Organization"), which comprise the combined statements of financial position as of December 31, 2016 and 2015, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Interfaith CarePartners, Inc. and affiliate as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Case, Riggs & Ingram, L.L.C.

Houston, Texas

April 21, 2017

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position**

<i>December 31, 2016</i>	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
Assets							
Cash and cash equivalents	\$ 118,553	\$ -	\$ 118,553	\$ -	\$ -	\$ -	\$ 118,553
Investments	-	-	-	-	2,087,570	2,087,570	2,087,570
Pledge receivable	250	75,000	75,250	-	-	-	75,250
Prepaid expenses	14,951	-	14,951	-	-	-	14,951
Office equipment, net of accumulated depreciation of \$125,566	922	-	922	-	-	-	922
Total assets	\$ 134,676	\$ 75,000	\$ 209,676	\$ -	\$ 2,087,570	\$ 2,087,570	\$ 2,297,246
Liabilities and net assets							
Deferred revenue	\$ 88,250	\$ -	\$ 88,250	\$ -	\$ -	\$ -	\$ 88,250
Accrued liabilities	536	-	536	-	-	-	536
Commitments and contingencies							
Net assets	45,890	75,000	120,890	-	2,087,570	2,087,570	2,208,460
Total liabilities and net assets	\$ 134,676	\$ 75,000	\$ 209,676	\$ -	\$ 2,087,570	\$ 2,087,570	\$ 2,297,246

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position (Continued)**

<i>December 31, 2015</i>	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
Assets							
Cash and cash equivalents	\$ 219,379	\$ -	\$ 219,379	\$ -	\$ -	\$ -	\$ 219,379
Investments	-	-	-	-	2,104,203	2,104,203	2,104,203
Accounts receivable	20,541	-	20,541	-	-	-	20,541
Pledges receivable	-	213,000	213,000	-	-	-	213,000
Prepaid expenses	13,137	-	13,137	-	-	-	13,137
Office equipment, net of accumulated depreciation of \$122,988	3,897	-	3,897	-	-	-	3,897
Total assets	\$ 256,954	\$ 213,000	\$ 469,954	\$ -	\$ 2,104,203	\$ 2,104,203	\$ 2,574,157
Liabilities and net assets							
Deferred revenue	\$ 72,130	\$ -	\$ 72,130	\$ -	\$ -	\$ -	\$ 72,130
Accrued liabilities	1,841	-	1,841	-	-	-	1,841
Commitments and contingencies							
Net assets	182,983	213,000	395,983	-	2,104,203	2,104,203	2,500,186
Total liabilities and net assets	\$ 256,954	\$ 213,000	\$ 469,954	\$ -	\$ 2,104,203	\$ 2,104,203	\$ 2,574,157

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities and Changes in Net Assets (Continued)**

<i>For the year ended December 31, 2016</i>	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
Support and income							
Congregational support	\$ 50,567	\$ -	\$ 50,567	\$ -	\$ -	\$ -	\$ 50,567
Contributions	99,231	-	99,231	-	-	-	99,231
Special events	244,548	-	244,548	-	-	-	244,548
Foundation grants	91,012	-	91,012	-	-	-	91,012
Program fees	108,462	-	108,462	-	-	-	108,462
Interest and dividend income	4	-	4	-	48,917	48,917	48,921
Gain on sale of investments	-	-	-	-	24,585	24,585	24,585
Net appreciation in fair value of investments	-	-	-	-	95,643	95,643	95,643
Net assets released from restrictions	138,000	(138,000)	-	185,778	(185,778)	-	-
Total support and income	731,824	(138,000)	593,824	185,778	(16,633)	169,145	762,969
Expenses							
Program service	893,511	-	893,511	-	-	-	893,511
Supporting services	150,406	-	150,406	10,778	-	10,778	161,184
Total expenses	1,043,917	-	1,043,917	10,778	-	10,778	1,054,695
Change in net assets before affiliate transactions	(312,093)	(138,000)	(450,093)	175,000	(16,633)	158,367	(291,726)
Transfer from Acorn	175,000	-	175,000	(175,000)	-	(175,000)	-
Changes in net assets	(137,093)	(138,000)	(275,093)	-	(16,633)	(16,633)	(291,726)
Net assets at beginning of year	182,983	213,000	395,983	-	2,104,203	2,104,203	2,500,186
Net assets at end of year	\$ 45,890	\$ 75,000	\$ 120,890	\$ -	\$ 2,087,570	\$ 2,087,570	\$ 2,208,460

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities and Changes in Net Assets (Continued)**

<i>For the year ended December 31, 2015</i>	Interfaith CarePartners, Inc.			The Acorn Foundation			Combined Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
Support and income							
Congregational support	\$ 65,268	\$ -	\$ 65,268	\$ -	\$ -	\$ -	\$ 65,268
Contributions	80,512	-	80,512	-	-	-	80,512
Special events	371,150	-	371,150	-	-	-	371,150
Foundation grants	140,000	160,000	300,000	-	-	-	300,000
Program fees	188,567	-	188,567	-	-	-	188,567
Interest and dividend income	835	-	835	-	51,193	51,193	52,028
Gain on sale of investments	-	-	-	-	42,179	42,179	42,179
Net depreciation in fair value of investments	-	-	-	-	(88,468)	(88,468)	(88,468)
Net assets released from restrictions	128,000	(128,000)	-	184,699	(184,699)	-	-
Total support and income	974,332	32,000	1,006,332	184,699	(179,795)	4,904	1,011,236
Expenses							
Program service	985,231	-	985,231	-	-	-	985,231
Supporting services	162,525	-	162,525	9,699	-	9,699	172,224
Total expenses	1,147,756	-	1,147,756	9,699	-	9,699	1,157,455
Change in net assets before affiliate transactions	(173,424)	32,000	(141,424)	175,000	(179,795)	(4,795)	(146,219)
Transfer from Acorn	175,000	-	175,000	(175,000)	-	(175,000)	-
Changes in net assets	1,576	32,000	33,576	-	(179,795)	(179,795)	(146,219)
Net assets at beginning of year	181,407	181,000	362,407	-	2,283,998	2,283,998	2,646,405
Net assets at end of year	\$ 182,983	\$ 213,000	\$ 395,983	\$ -	\$ 2,104,203	\$ 2,104,203	\$ 2,500,186

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statements of Functional Expenses**

<i>For the years ended December 31,</i>	2016			2015		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
Interfaith CarePartners, Inc.:						
Salaries and employee benefits	\$ 707,522	\$ 60,185	\$ 767,707	\$ 770,974	\$ 76,973	\$ 847,947
Special events	-	60,378	60,378	-	52,991	52,991
Rent	67,444	7,716	75,160	74,726	10,556	85,282
Volunteer support	7,198	937	8,135	17,354	1,139	18,493
Office operations	42,974	8,161	51,135	49,992	4,927	54,919
Local mileage	26,588	774	27,362	32,632	2,477	35,109
Caregiver services	14,059	10	14,069	12,201	63	12,264
Travel	-	-	-	-	77	77
Office supplies	5,844	-	5,844	7,564	918	8,482
Professional education and training	7,076	1,603	8,679	5,098	2,933	8,031
Accounting fees	12,533	1,567	14,100	11,022	4,478	15,500
Depreciation	-	2,578	2,578	-	2,023	2,023
Fundraising expense	2,273	6,497	8,770	-	2,970	2,970
Professional services	-	-	-	633	-	633
Marketing	-	-	-	3,035	-	3,035
Total Interfaith CarePartners, Inc.	893,511	150,406	1,043,917	985,231	162,525	1,147,756
The Acorn Foundation:						
Investment fees	-	10,778	10,778	-	9,699	9,699
Total The Acorn Foundation	-	10,778	10,778	-	9,699	9,699
Total	\$ 893,511	\$ 161,184	\$ 1,054,695	\$ 985,231	\$ 172,224	\$ 1,157,455

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statements of Cash Flows**

<i>For the years ended December 31,</i>	2016	2015
Operating activities		
Changes in net assets	\$ (291,726)	\$ (146,219)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,578	2,023
Gain on sale of investments	(24,585)	(42,179)
Net (appreciation) depreciation in fair value of investments	(95,643)	88,468
Loss on disposal of office equipment	397	-
Changes in operating assets and liabilities:		
Receivables	158,291	(52,541)
Prepaid expenses	(1,814)	(8,388)
Deferred revenue	16,120	(17,120)
Accrued liabilities	(1,305)	1,395
Net cash used in operating activities	(237,687)	(174,561)
Investing activities		
Proceeds from sale of investments	185,778	184,699
Receipts of dividends reinvested	(48,917)	(51,193)
Net cash provided by investing activities	136,861	133,506
Net change in cash and cash equivalents	(100,826)	(41,055)
Cash and cash equivalents, beginning of year	219,379	260,434
Cash and cash equivalents, end of year	\$ 118,553	\$ 219,379

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

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

In June 1988, the Foundation for Interfaith Research and Ministry (“FIRM”) was established as a nonprofit corporation to support research, education and service programs relating to the disciplines of theology, religious studies, pastoral care and other public service programs. In July 2000, FIRM legally amended its charter; changing its name to Interfaith CarePartners, Inc. Interfaith CarePartners, Inc.’s certificate of operation under Assumed Name of “CarePartners” became effective on June 2, 2016 for a period of ten years.

CarePartners sponsors and conducts interfaith and interdisciplinary programs of scholarship, research, education and service. Its mission is to care for weak and vulnerable people. The largest activity is the Care Team Program consisting of approximately 2,363 congregation-based volunteers who lovingly and tirelessly provide respite, emotional support, social opportunities, meals, housekeeping, transportation and basic physical help to more than 1,670 adults and children with chronic, debilitating or terminal conditions like Alzheimer’s, AIDS, cancer, Parkinson’s, Lou Gehrig’s and other limiting conditions. Total volunteer hours since inception of the program are more than 2.66 million hours.

CarePartners provides additional services for caregivers that complement its volunteer Care Team program. Common Ground: Caregiver Conversations are caregiver support groups facilitated by a mental health professional and a former caregiver. During 2016, 50 caregivers participated in 16 monthly Common Ground meetings. A second complementary service is educational and skill building conferences for caregivers. Six educational conferences featuring more than 105 professionally led workshops were sponsored in 2016 with total registration of 1,100 caregivers. “Preparing and Sharing: Tips for Caregivers” is a series of monthly conversations in the workplace. More than 40 employees attended these conferences in 2016. Lastly, CarePartners provides education to the public on the general subjects of aging and caregiving, and participates in national professional organizations dedicated to aging and caregiving.

CarePartners conducts programs in Harris, Fort Bend, Montgomery, Galveston, and Brazoria counties in Texas and now in Waco. In addition, its programs have won numerous national and local awards, including a President’s Community Service Award, the nation’s highest honor for volunteer community service. The organization’s reputation for excellence in volunteer program management elicits inquiries from groups across the country seeking advice and consultation, as well as wishing to replicate the procedures and practices of CarePartners’ program.

The affiliate of CarePartners is The Acorn Foundation (“Acorn”), established as a nonprofit corporation in June 1993, to be administered solely for the benefit of CarePartners. Acorn exists to invest and administer the endowment fund for Interfaith CarePartners.

The wholly-owned subsidiary of CarePartners is CarePartners Together, LLC (“CarePartners Together”), established in February 2013, to be administered solely for the benefit of Interfaith CarePartners, Inc. CarePartners Together exists to provide an additional source of revenue to Interfaith CarePartners through its fee-based services. Program fees totaled \$108,462 and \$188,567 for the years ended December 31, 2016 and 2015, respectively.

The State of Texas certificate of termination for CarePartners Together became effective on December 27, 2016 and will no longer be in operation.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying combined financial statements include the accounts of CarePartners, CarePartners Together and Acorn (collectively, the "Organization"), all of which are under common control. Inter-organization transactions and balances have been eliminated in combination.

The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – Unrestricted net assets include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.
- Temporarily restricted net assets – Temporarily restricted net assets include contributions restricted by the donor for specific purposes or time periods. Temporarily restricted net assets are released to unrestricted net assets when a purpose restriction is accomplished or a time restriction ends.
- Permanently restricted net assets – Permanently restricted net assets are required to be maintained in perpetuity with only the income to be used for operating activities due to donor-imposed restrictions.

Fair Value Considerations

The Organization uses fair value to measure financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an entity elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Organization's cash and cash equivalents, receivables, and liabilities are carried in the accompanying combined financial statements at amounts which reasonably approximate fair value.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers demand deposit and money market accounts and all highly liquid investments available for current use with initial maturities of three months or less to be cash equivalents.

Investments

Investments are recorded at their fair value. Realized and unrealized gains and losses on investments sold or held are reflected in the combined statements of activities and changes in net assets. Investments donated to the Organization are recorded at their fair value at the date of donation.

Pledge Receivables

Pledge receivables that are expected to be collected within one year are reported at net realizable value. Amounts that are expected to be collected in more than one year are discounted to estimate the present value of future cash flows if material. The Organization considers pledge receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Office Equipment

Office equipment is recorded at cost for assets purchased. Donated materials and equipment are recorded as contributions at their fair value at the date of donation. Depreciation of office equipment is provided over an estimated useful life of five years. Depreciation expense totaled \$2,578 and \$2,023 for the years ended December 31, 2016 and 2015, respectively.

Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures which materially increase values or extend useful lives of equipment are capitalized.

Deferred Revenue

The Organization recognizes contributions received in advance (primarily for their annual fundraising events, Sweet Charity and Kentucky Derby Party, as deferred revenue.

Contributions

Contributions are recorded as revenue at fair value when an unconditional commitment is received from the donor. Contributions received are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Materials

A substantial number of volunteers have made significant contributions of their time to support the Organization's service programs, principally in client care. The Organization also receives donated professional and other services and materials during the years. No amounts have been reflected in the combined statements for these services or materials since the nature of these services and materials do not require a specialized skill or create or enhance a nonfinancial asset. During 2016, volunteers in the Care Team program gave approximately 109,282 hours of service to impaired persons and their caregivers. Independent Sector's most recent (2015) calculated value of volunteer time is \$25.11 per hour. Using this valuation, the total value of time donated was approximately \$2,744,071. During 2015, volunteers in the Care Team program gave approximately 100,376 hours of service to impaired persons and their caregivers. Independent Sector's most recent (2014) calculated value of volunteer time is \$24.66 per hour. Using this valuation, the total value of time donated was approximately \$2,475,272.

Federal Income Taxes

CarePartners and Acorn are exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and, accordingly, are not subjected to federal income taxes.

The Organization accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2016, management believes there were no uncertain tax positions. The Organization's federal tax return remains open to examination for a period of three years following its filing with the taxing authority.

Concentration of Credit Risk

At various times during the years, the Organization may have bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes any credit risk is low due to the overall financial strength of the financial institution.

As of December 31, 2016, one donor accounted for 100% of the pledge receivable. As of December 31, 2015, one donor accounted for 70% of pledges receivable.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the combined statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services directly benefited, or upon management's estimates of the proportion of these costs applicable to each function.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

In preparing combined financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that have the most impact on financial position and results of operations primarily relate to the collectability of receivables, the fair value of investments and the allocation of expenses among functional areas. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the combined financial statements.

Subsequent Events

The Organization has evaluated subsequent events through April 21, 2017, which is the date the combined financial statements were available to be issued. No matters were identified affecting the combined financial statements or related disclosures.

Recent financial accounting pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU requires expenses to be presented by both nature and function, and investment return will be presented net of investment expenses. Absent specific donor stipulations, the Organization will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal periods beginning after December 15, 2017, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Organization's financial statements.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

NOTE 3: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three-tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

The Organization utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Investments in mutual funds with readily determinable fair values are carried at fair value based on quoted market values in active markets (Level 1).

The fair value of assets measured at fair value on a recurring basis is as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>December 31, 2016</i>			
Total investment in mutual funds	\$ 2,087,570	\$ -	\$ -
<i>December 31, 2015</i>			
Total investment in mutual funds	\$ 2,104,203	\$ -	\$ -

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the combined statements of financial position and the combined statements of activities and changes in net assets.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, CarePartners has temporarily restricted net assets of \$75,000 and \$213,000, respectively, to be used for subsequent periods. During the years ended December 31, 2016 and 2015, temporarily restricted net assets of CarePartners in the amount of \$138,000 and \$128,000, respectively, were released from restrictions due to the satisfaction of purpose of time restrictions.

At December 31, 2016 and 2015, temporarily restricted net assets of Acorn in the amount of \$2,087,570 and \$2,104,203, respectively, are available for investment for the benefit of CarePartners. During the years ended December 31, 2016 and 2015, temporarily restricted net assets of \$185,778 and \$184,699, respectively, were released from restrictions by incurring expenses satisfying the restricted purposes.

NOTE 5: DISTRIBUTION TO AFFILIATE

In 2016 and 2015, Acorn's Board of Directors approved \$175,000, respectively, transfer to CarePartners.

NOTE 6: OPERATING LEASE

CarePartners leases office space under a noncancelable operating lease which expires on May 31, 2021. The terms of the office lease require escalating annual rental payments. Total annual lease expense amounted to \$75,160 and \$85,282 for the years ended December 31, 2016 and 2015, respectively. Future minimum lease payments required under the lease are as follows:

<i>Year ending December 31,</i>	
2017	\$ 66,576
2018	68,196
2019	69,817
2020	71,437
2021	30,047
	<hr/>
	\$ 306,073