CORNERSTONES OF CARE AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2015 AND 2014

CORNERSTONES OF CARE AND AFFILIATES

December 31, 2015 and 2014

TABLE OF CONTENTS

CHV & Co

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cornerstones of Care and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Cornerstones of Care and Affiliates (the Organizations) (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of December 31, 2015 and 2014, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2016, on our consideration of the Organizations' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

Cochran Head Vick & Co. P.C.

Kansas City, Missouri
May 18, 2016

CORNERSTONES OF CARE AND AFFILIATES
CONOSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,894,033	$ 6,535,564
Accounts receivable, less allowance for doubtful accounts of $434,277 at December 31, 2015 and $536,481 at December 31, 2014	3,911,517	4,768,954
Contributions receivable	283,191	859,846
Contributions receivable - use of property	9,871	8,906
Other receivables	369,952	1,004,770
Prepaid expenses	236,086	524,521
Total current assets	11,704,650	13,702,561
Investments	18,481,166	18,675,434
Contributions receivable - use of property	2,107,593	2,117,464
Security deposits	89,847	90,184
Property and equipment, less accumulated depreciation	15,249,364	14,021,497
TOTAL ASSETS	$ 47,632,620	$ 48,607,140

LIABILITIES AND NET ASSETS

	2015	2014
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,790,319	$ 1,987,502
Accrued compensation expense	1,989,258	2,093,433
Deferred revenue	485,157	1,012,074
Lines of credit	200,000	545,000
Current portion of notes payable	588,846	234,128
Current portion of pension plan obligation	54,712	57,902
Total current liabilities	6,108,292	5,930,039
Annuity agreements	45,970	47,321
Notes payable, less current portion	1,030,320	1,619,463
Pension plan obligation, less current portion	126,691	161,120
Total liabilities	7,311,273	7,757,943
NET ASSETS		
Unrestricted		
Undesignated	25,896,385	25,782,115
Board designated	638,146	642,470
Board designated - Quasi Endowment	6,285,253	6,514,992
Total unrestricted	32,819,784	32,939,577
Temporarily restricted	4,908,969	5,400,588
Permanently restricted	2,592,594	2,509,032
Total net assets	40,321,347	40,849,197
TOTAL LIABILITIES AND NET ASSETS	$ 47,632,620	$ 48,607,140

See accompanying notes to the consolidated financial statements.

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT								
Program fees								
Government agencies	$ 39,799,767	$ -	$ -	$ 39,799,767	$ 38,118,574	$ -	$ -	$ 38,118,574
Other program fees	7,501,511	-	-	7,501,511	6,157,674	-	-	6,157,674
Total program fees	47,301,278	-	-	47,301,278	44,276,248	-	-	44,276,248
Other support and revenue								
Grants from government agencies	394,078	-	-	394,078	430,686	-	-	430,686
Contributions and bequests	1,086,012	1,695,135	83,146	2,864,293	1,091,234	2,381,563	355,990	3,828,787
In kind contributions	125,521	-	-	125,521	339,013	-	-	339,013
United Way	729,689	-	-	729,689	737,510	-	-	737,510
Special events	1,435,070	-	-	1,435,070	1,225,023	-	-	1,225,023
Less direct costs	(405,512)	-	-	(405,512)	(332,074)	-	-	(332,074)
Investment income (loss)	(70,104)	32,877	416	(36,811)	760,107	180,334	410	940,851
Miscellaneous	401,453	1,188	-	402,641	200,840	6,088	-	206,928
Total other support and revenue	3,696,207	1,729,200	83,562	5,508,969	4,452,339	2,567,985	356,400	7,376,724
Net assets released from restrictions	2,220,819	(2,220,819)	-	-	1,868,715	(1,868,715)	-	-
Total revenue and other support , net	53,218,304	(491,619)	83,562	52,810,247	50,597,302	699,270	356,400	51,652,972
EXPENSES								
Program services	43,872,830	-	-	43,872,830	41,668,187	-	-	41,668,187
Supporting services								
Administrative	7,970,461	-	-	7,970,461	6,789,882	-	-	6,789,882
Development	1,494,806	-	-	1,494,806	1,352,010	-	-	1,352,010
Total supporting services	9,465,267	-	-	9,465,267	8,141,892	-	-	8,141,892
Total expenses	53,338,097	-	-	53,338,097	49,810,079	-	-	49,810,079
CHANGE IN NET ASSETS	(119,793)	(491,619)	83,562	(527,850)	787,223	699,270	356,400	1,842,893
NET ASSETS, beginning of year	32,939,577	5,400,588	2,509,032	40,849,197	32,152,354	4,701,318	2,152,632	39,006,304
NET ASSETS, end of year	$ 32,819,784	$ 4,908,969	$ 2,592,594	$ 40,321,347	$ 32,939,577	$ 5,400,588	$ 2,509,032	$ 40,849,197

See accompanying notes to the consolidated financial statements.

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015					2014				
		Supporting Services					Supporting Services			
	Program Services	Administrative	Development	Total	Total Expenses	Program Services	Administrative	Development	Total	Total Expenses
SALARIES AND RELATED EXPENSES										
Salaries	$ 24,736,166	$ 3,538,732	$ 958,690	$ 4,497,422	$ 29,233,588	$ 23,431,889	$ 3,451,446	$ 869,879	$ 4,321,325	$ 27,753,214
Employee benefits	2,998,267	359,157	89,791	448,948	3,447,215	2,713,041	383,231	93,159	476,390	3,189,431
Retirement	154,766	111,741	8,858	120,599	275,365	138,910	56,659	8,750	65,409	204,319
Payroll Taxes	1,789,222	255,756	63,385	319,141	2,108,363	1,685,161	252,083	59,190	311,273	1,996,434
Other	153,740	248,347	9,588	257,935	411,675	222,545	179,616	9,166	188,782	411,327
Total salaries and related expenses	29,832,161	4,513,733	1,130,312	5,644,045	35,476,206	28,191,546	4,323,035	1,040,144	5,363,179	33,554,725
OTHER EXPENSES										
Professional fees	3,561,690	1,304,517	39,525	1,344,042	4,905,732	4,106,220	844,983	23,370	868,353	4,974,573
Food service	915,008	13,408	2,525	15,933	930,941	965,274	9,453	3,021	12,474	977,748
Supplies	668,842	51,509	7,068	58,577	727,419	677,872	42,970	9,226	52,196	730,068
Postage and printing	66,505	9,461	14,634	24,095	90,600	54,070	12,227	20,825	33,052	87,122
Telephone	42,569	229	66	295	42,864	54,595	454	104	558	55,153
Occupancy	1,335,025	485,356	23,314	508,670	1,843,695	1,642,539	285,338	16,641	301,979	1,944,518
Equipment rental and maintenance	388,339	700,069	16,786	716,855	1,105,194	357,523	507,323	12,450	519,773	877,296
Marketing	3,548	127,134	539,143	666,277	669,825	4,018	59,639	438,658	498,297	502,315
Local transportation	618,970	42,972	4,821	47,793	666,763	561,130	41,093	4,021	45,114	606,244
Conference and meetings	71,942	20,247	1,510	21,757	93,699	53,543	16,556	2,686	19,242	72,785
Assistance to individuals	4,962,352	617	965	1,582	4,963,934	3,554,451	591	794	1,385	3,555,836
Investment expense	-	75,277	-	75,277	75,277	-	86,683	-	86,683	86,683
Interest expense	102,139	26,745	871	27,616	129,755	111,512	43,181	939	44,120	155,632
Dues and subscriptions	15,803	77,024	6,653	83,677	99,480	11,354	69,968	2,125	72,093	83,447
Bank charges	14,047	51,337	1,500	52,837	66,884	4,544	50,142	21	50,163	54,707
Bad debt expense	455,133	-	-	-	455,133	516,790	-	-	-	516,790
Professional liability insurance	311,432	121,569	6,229	127,798	439,230	298,601	118,530	5,082	123,612	422,213
In kind	45,324	-	80,197	80,197	125,521	37,577	-	81,373	81,373	118,950
Loss on disposal of fixed assets	-	2,454	-	2,454	2,454	-	10,159	-	10,159	10,159
Miscellaneous	8,835	59,628	1,247	60,875	69,710	3,419	39,302	1,183	40,485	43,904
Total other expenses	13,587,503	3,169,553	747,054	3,916,607	17,504,110	13,015,032	2,238,592	622,519	2,861,111	15,876,143
TOTAL EXPENSES BEFORE DEPRECIATION	43,419,664	7,683,286	1,877,366	9,560,652	52,980,316	41,206,578	6,561,627	1,662,663	8,224,290	49,430,868
Depreciation	453,166	287,175	22,952	310,127	763,293	461,609	228,255	21,421	249,676	711,285
TOTAL GROSS EXPENSES	43,872,830	7,970,461	1,900,318	9,870,779	53,743,609	41,668,187	6,789,882	1,684,084	8,473,966	50,142,153
Less: Direct costs of special events	-	-	(405,512)	(405,512)	(405,512)	-	-	(332,074)	(332,074)	(332,074)
TOTAL NET EXPENSES	$ 43,872,830	$ 7,970,461	$ 1,494,806	$ 9,465,267	$ 53,338,097	$ 41,668,187	$ 6,789,882	$ 1,352,010	$ 8,141,892	$ 49,810,079

See accompanying notes to the consolidated financial statements.

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (527,850)	$ 1,842,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	763,293	711,285
Investment income restricted for reinvestment	(416)	(410)
Realized gains on investments	(274,663)	(1,080,253)
Change in unrealized gains	842,108	757,845
(Gain) Loss on disposition of fixed asset	2,454	10,159
Decrease (Increase) in operating assets:		
Accounts receivable	857,437	(894,304)
Other receivables	634,818	(344,151)
Prepaid expenses	288,435	(103,584)
Contributions receivable	585,561	(384,983)
Security deposits	337	3,680
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	802,817	579,431
Accrued compensation expense	(104,175)	(73,763)
Deferrred revenues	(526,917)	216,307
Pension plan obligation	(37,619)	(22,750)
Annuity agreements	(1,351)	(770)
Total adjustments	3,832,119	(626,261)
Net cash provided by operating activities	3,304,269	1,216,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(7,646,938)	(14,765,487)
Proceeds from the sale of investments	7,273,761	14,943,441
Investment in property and equipment	(1,993,614)	(1,067,358)
Investment income restricted for reinvestment	416	410
Net cash used in investing activities	(2,366,375)	(888,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of new debt	-	120,000
Debt repayments	(579,425)	(297,095)
Net cash provided by (used in) financing activities	(579,425)	(177,095)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	358,469	150,543
CASH AND CASH EQUIVALENTS, beginning of year	6,535,564	6,385,021
CASH AND CASH EQUIVALENTS, end of year	$ 6,894,033	$ 6,535,564

See accompanying notes to the consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cornerstones of Care (Cornerstones) is a family of agencies dedicated to strengthening children, families, and the communities in which they live. Our agencies and programs (Gillis, Marillac, Ozanam, Spofford, and Healthy Families Programs) provide a comprehensive continuum of prevention and treatment services. Cornerstones helps its agencies better serve the community by leveraging expertise from across the family of agencies, providing financial security by reducing costs and creating efficiencies, and building an infrastructure to provide a comprehensive continuum of care. United, our agencies improve the lives of at-risk children and families, ultimately reducing the effects of adverse childhood experiences, decreasing the incidence of violence and incarceration, increasing the ability for independent living, and providing children and families with hope and a strong foundation for success.

Cornerstones, Spofford, Ozanam, Ozanam Foundation, Women's Christian Association of Kansas City, Missouri (WCA) and Gillis Charities, Inc., entered into an Integration Agreement in 1997. As a result, WCA transferred a portion of its net assets to a new corporation named Gillis Center, Inc. and terminated its association with this new entity. In 1998, Cornerstones entered into an Integration Agreement with Marillac Center, Inc. and Healthy Families Counseling and Support (formerly Spofford Ozanam Services). As a result of the Integration Agreements, Cornerstones became the sole member of the following not-for-profit corporations: Gillis Center, Inc., Ozanam, Spofford, Marillac Center, Inc. and Healthy Families Counseling and Support. Healthy Families Counseling and Support was dissolved effective December 31, 2011. Under the integration plans, Gillis Center, Inc., Ozanam, Spofford, and Marillac Center each have three representatives on the Cornerstones Board of Directors. Cornerstones has the authority to approve or disapprove the nominees of the Board of Directors of Gillis Center, Inc., Ozanam, Spofford, and Marillac Center, Inc. Effective in 2014, the Cornerstones of Care board may also include up to three at-large members.

Also under the Integration Agreements, Ozanam, Marillac Center, Inc., and Spofford have the authority to appoint the Board of Directors of Ozanam Foundation, Marillac Foundation, and Spofford Foundation, respectively. Ozanam Thriftmart was organized to support and conduct activities for the benefit of Ozanam.

Gillis Center, Inc. (Gillis) opened in 1870 and is the oldest child and family serving agency in Kansas City. Each year, Gillis provides therapeutic residential treatment to 100-plus boys and girls ages 7-18, emergency shelter for 80-plus boys and girls ages 0-18, and alternative education day treatment programming to 115-plus boys and girls ages 0-18 on their campus at 8150 Wornall. Gillis also provides treatment foster care and a broad range of therapy services throughout the Kansas City area, including the Northland and Johnson County, Kansas. These services are provided in the community or in the home to over 1,400 children and families who have experienced abuse, neglect, and mental illness.

Spofford is a 100 year-old community benefit organization that provides family-focused intensive residential treatment programs, psychiatric evaluation programs, and community and school-based mental health interventions for young children residing in the states of Missouri and Kansas. Campus-based services include a 40-bed psychiatric residential treatment program for boys and girls between 4 and 12 years of age. The REACH to TEACH school-based services were initiated in 2005 with 4 schools and in 2015 served more than 4,400 children from 27 schools. Spofford’s community-based programs include Parent Aide services and the Family Resiliency Initiative. Parent Aides help parents who have had their children removed from their homes and placed in foster care. They provide parents with comprehensive information and resources so that families can be reunited.

The Family Resiliency Initiative provides in-home mental health treatment to very young children and their families who live in impoverished communities and are negatively impacted by risk factors such as abuse, community violence, substance abuse and mental health disorders.

Marillac Center, Inc. is a comprehensive children's mental health center located on a 17-acre campus in Overland Park, Kansas. Founded in 1897 as the Kansas City Orphan Boys Home, Marillac is an organization that has continually evolved to meet the needs of the Kansas City area's at-risk youth. Today, more than 1,700 children (up to age 17) and their families are served each year at Marillac through a broad range of compassionate, trauma-informed behavioral health services. Marillac's programs for youth with special emotional and behavioral challenges include a Psychiatric Residential Treatment Facility (PRTF); a therapeutic day school in Blue Springs, Missouri; and a growing outpatient mental health clinic. Available treatment services include psychiatric and medical evaluation; 24-hour nursing care; individual, group, and family therapy; expressive therapies (such as art, music, and recreation therapies); substance-abuse assessment and treatment; medication and laboratory services; and case management/discharge planning. In 2011, Marillac entered into a collaborative agreement with the University of Kansas School of Medicine (KUMC). In 2015, this relationship expanded into a comprehensive Affiliation Agreement between the Cornerstones of Care family of agencies and the University of Kansas Hospital Authority, as further described in Note 8. The first clinical integration initiative in the partnership was the transition of the children's psychiatric hospital, previously operated by Marillac, to become the University of Kansas Hospital - Marillac Campus. The inpatient hospital is now operated as part of the University of Kansas Hospital, at the Marillac campus and with the support of the Marillac leadership team.

Since 1948, Ozanam has provided a variety of prevention and treatment programs to adolescents and young adults. Started as a boys' home, Ozanam has grown into a multiple program community benefit agency providing both campus- and community-based services that are accredited through the Council on Accreditation. Campus-based services include a 76-bed psychiatric residential treatment program for boys and girls between 12 and 18 years of age, as well as a fully academically accredited educational day treatment program serving 60 adolescents from the community who require special education services in a therapeutic setting. Community-based programming includes services offered through both Ozanam Pathways and Ozanam BIST (Behavioral Intervention Support Team). Ozanam Pathways provides transitional living services in the Kansas City metro area, as well as in Wichita, Kansas. Ozanam Pathways serves approximately 90 young adults exiting the foster care system at any given time. Through a combination of group-home programming, and both clustered- and scattered-site apartments, young adults receive services focusing on education, vocation, and obtaining permanent housing. Ozanam Pathways also includes a mentoring program that provides mentoring services to youth in foster care settings. The Ozanam BIST program is an education-based training and consultation program that better equips teachers to manage classroom behaviors towards a goal of having more time for instruction. Utilizing offices in Kansas City and Lincoln, Nebraska, BIST services are provided to over 300 schools in Missouri, Kansas, Nebraska, Illinois, and Colorado.

Healthy Families Programs is a group of programs operated directly by Cornerstones. Healthy Families Programs provide foster care case management, foster care nurse case management, a resource development program for foster and adoptive families, a home visitation program, a relationship education program, and additional support programs for foster youth.

Ozanam Foundation and Ozanam Thriftmart, Marillac Foundation, and Spofford Foundation were formed to conduct and support activities for the benefit of Ozanam, Marillac Center, Inc., and Spofford, respectively.

The Organizations are supported primarily through contributions, grants, and government agencies. Approximately 76% of these Organizations' support for the year ended December 31, 2015 came from government agencies.

Principles of Consolidation

The accounts of Gillis Center, Inc., Ozanam, Ozanam Foundation, Ozanam Thriftmart, Spofford, Spofford Foundation, Marillac Center, Inc., Marillac Foundation and Cornerstones of Care (the Organizations) are included in the consolidation as the Organizations meet the criteria for consolidation under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810, "Consolidation of Not-for-Profit Organizations." Under this standard, the presentation of combined or consolidated financial statements is required when certain elements of control and economic interest, as defined in the statement, exist between not-for-profit organizations. Although the Organizations operate as separate legal entities, consolidated financial statements have been presented to comply with accounting principles generally accepted in the United States of America. Balances and significant transactions between the organizations, if any, have been eliminated in the combination.

Basis of Accounting

The policy of the Organizations is to prepare their financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, and expenses and purchases are recognized when the obligation is incurred.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205 "Financial Statements of Not-for-Profit Organizations". Under this standard, the Organizations are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets

Unrestricted net assets include all assets which are neither temporarily or permanently restricted. Unrestricted net assets may include Board-designated funds that are not restricted by the donor. Earnings on investments are reported as increases in unrestricted net assets unless their use is limited by donor stipulation or by laws.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met, trust activity, deferred gifts and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently Restricted Net Assets

Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Contributions

The Organizations utilize FASB ASC 958-605, "Not-for Profit Entities Revenue Recognition." This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Contributions with donor restrictions are reported as increases in unrestricted net assets if the restrictions are met within the same reporting period that the contribution was received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organizations record various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organizations with their operations. The value of volunteer services has not been recorded in the financial statements since those services do not meet the criteria for recognition.

Bequests

Bequests to the Organizations from trusts and estates are recorded as income in the year the assets are received due to the uncertainty of the actual amounts to be received at the time the bequests are made.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organizations consider all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable

The Organizations use the allowance method to account for uncollectible accounts receivable.

Investments

The Organizations have adopted FASB ASC 958-320, "Not-for Profit Entities Investments - Debt and Equity Securities." FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statements of activities. Investment income is accounted for as unrestricted, temporarily restricted, or permanently restricted support depending on the classification of the source investment.

Property and Equipment and Depreciation

Property and equipment are recorded at cost for all purchases over $2,500. Donated property and equipment are recorded at their fair value on the date of the donation. Depreciation is computed under the straight-line method using the following estimated useful lives:

Property and Equipment	Useful Lives
Land improvements	10 - 50 years
Buildings and improvements	5 - 45 years
Leasehold improvements	5 - 30 years
Furniture and equipment	2 - 20 years
Automobiles	5 years

Major renewals and betterments are capitalized. Maintenance, repairs, and minor renewals are expensed. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organizations report expirations of donor restrictions over the life of the assets that are placed in service.

Income Taxes

The Organizations are organized as separate not-for-profit corporations and qualify as tax exempt under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Organizations qualify for the charitable contribution deductions under Section 170(b)(1)(A) and have been classified as Organizations other than private foundations. Accordingly, no provision has been made for income taxes in these consolidated financial statements.

The Organizations have adopted the provisions of FASB ASC 740-10, “Accounting for Uncertain Tax Positions. The Organizations have evaluated their tax positions and do not believe there are any uncertain tax positions taken by the Organizations. The Organization’s Forms 990, *Return of Organizations Exempt from Income Tax,* for the years ending 2013 through 2015 are subject to examination by the IRS, generally for three years after they were filed.

Use of 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 the 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 and expenses during the reporting period. Actual results could differ from those estimates. Estimates include depreciation, compensated absences, the functional allocation of expenses, and the allowance for doubtful accounts of $434,277 and $536,481 at December 31, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Compensated Absences

Employees of the Organizations are entitled to personal time off, depending on job classification, length of service, and other factors. Accordingly, a liability for accrued compensated absences has been included as part of the accrued compensation expense line item in the financial statements. The amounts included in the financial statements for this liability at December 31, 2015 and 2014 were $1,279,201 and $1,316,863, respectively.

Advertising

Advertising costs of the Organizations (if any) are expensed as incurred.

NOTE 2. FAIR VALUE MEASUREMENTS

The Organizations have adopted FASB ASC 820-10, "Fair Value Measurements", which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis. As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organizations use various methods including market, income and cost approaches. Based on these approaches, the Organizations often utilize certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organizations utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organizations are required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended December 31, 2015 and 2014, the application of valuation techniques applied to similar assets has been consistent. The fair value of mutual funds, exchange traded funds and U.S. treasury and agency securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. The fair value of bonds is based on valuations obtained from third party pricing services for identical or similar assets.

Fair Value on a Recurring Basis

The table below presents the balances of assets measured at December 31, 2015 and 2014 at fair value on a recurring basis.

	2015			
Investments	Total	Level 1	Level 2	Level 3
Mutual funds	$ 13,717,565	$ 13,717,565	$ -	$ -
Exchange traded funds	2,830,225	2,830,225	-	-
U.S. treasury & agency	3,414	3,414	-	-
Corporate bonds	1,892,878	-	1,892,878	-
Tax exempt bonds	37,084	-	37,084	-
Total	$ 18,481,166	$ 16,551,204	$ 1,929,962	$ -

	2014			
Investments	Total	Level 1	Level 2	Level 3
Mutual funds	$ 13,054,638	$ 13,054,638	$ -	$ -
Exchange traded funds	3,541,754	3,541,754	-	-
U.S. treasury & agency	11,651	11,651	-	-
Corporate bonds	2,014,511	-	2,014,511	-
Tax exempt bonds	52,880	-	52,880	-
Total	$ 18,675,434	$ 16,608,043	$ 2,067,391	$ -

NOTE 3. INVESTMENTS

Investments at December 31, 2015 and 2014 are comprised of the following:

	2015		
Investments	Cost	Unrealized Gain (Loss)	Fair Value
Mutual funds	$ 14,319,578	$ (602,013)	$ 13,717,565
Exchange traded funds	2,619,250	210,975	2,830,225
U.S. treasury & agency	3,414	-	3,414
Corporate bonds	1,960,434	(67,556)	1,892,878
Tax exempt bonds	32,691	4,393	37,084
Total	$ 18,935,367	$ (454,201)	$ 18,481,166

	2014		
Investments	Cost	Unrealized Gain (Loss)	Fair Value
Mutual funds	$ 12,290,330	$ 764,308	$ 13,054,638
Exchange traded funds	3,147,988	393,766	3,541,754
U.S. treasury & agency	12,254	(603)	11,651
Corporate bonds	2,009,432	5,079	2,014,511
Tax exempt bonds	46,746	6,134	52,880
Total	$ 17,506,750	$ 1,168,684	$ 18,675,434

Investment income for the years ended December 31, 2015 and 2014 is comprised of the following:

	2015	2014
Interest and dividend income	$ 530,634	$ 618,443
Net realized gains	274,663	1,080,253
Net unrealized gains (losses)	(842,108)	(757,845)
Total investment income	$ (36,811)	$ 940,851

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2015	2014
Land and land improvements	$ 3,193,594	$ 3,193,594
Building and improvements	16,543,000	16,300,114
Leasehold improvements	1,241,081	1,130,732
Furniture and equipment	4,708,821	4,573,283
Automobiles	477,668	535,028
Software	1,425,000	-
Total	27,589,164	25,732,751
Accumulated Depreciation	(12,339,800)	(11,711,254)
Net property and equipment	$ 15,249,364	$ 14,021,497

Depreciation expense for the years ended December 31, 2015 and 2014 was $763,293 and $711,285, respectively.

NOTE 5. CONTRIBUTIONS RECEIVABLE

At December 31, 2015 and 2014, unconditional contributions receivable were $283,191 and $859,846, respectively. All of these amounts were due in less than one year. Management believes that these amounts are fully collectible.

NOTE 6. CONTRIBUTION RECEIVABLE – USE OF PROPERTY

Effective January 3, 1997, Gillis Center, Inc (Gillis) entered into a below market lease agreement with The Women's Christian Association of Kansas City, Missouri (Landlord) to lease the buildings and grounds that it occupies for a five-year term with nine five-year renewal periods. Alterations, additions, improvements to the buildings, maintenance and repairs are the responsibility of Gillis. Utilities and property and casualty insurance are shared with the landlord at agreed upon rates.

Rent under the lease is $1 per year, and the landlord shall not terminate the lease and shall not increase the rent as long as Gillis meets its responsibility under the lease. While the base annual rent is $1, the fair market annual rent was estimated in an appraisal valuation to be $228,099 per year. A 10.328% discount rate was used in determining the present value of the contribution at the inception of the lease, with the discount being amortized over a 50 year period as management has estimated the property will be used for all available lease periods. However, in accordance with FASB ASC 958-605-55-24 the amount recorded as a contribution was limited to the fair value of the property.

The contribution of the future use of the property has been recognized in the financial statements as temporarily restricted net assets, with a release from temporarily restricted to unrestricted made each year to reflect the use of the property.

The contribution receivable for the use of the property at December 31, 2015 and 2014 are classified as follows:

December 31, 2015:	
Contribution receivable	$ 2,117,464
Less: Current portion	9,871
Contribution receivable, noncurrent	$ 2,107,593
December 31, 2014:	
Contribution receivable	$ 2,126,370
Less: Current portion	8,906
Contribution receivable, noncurrent	$ 2,117,464

The contribution receivable for the use of the property at December 31, 2015 and 2014 are calculated as follows:

December 31, 2015:	
Undiscounted value of below-market rent	$ 11,404,950
Discount to present value at 10.328%	(9,209,267)
Discounted value of below-market rent	2,195,683
To-date amortization	(78,219)
Contribution receivable	$ 2,117,464
December 31, 2014:	
Undiscounted value of below-market rent	$ 11,404,950
Discount to present value at 10.328%	(9,209,267)
Discounted value of below-market rent	2,195,683
To-date amortization	(69,313)
Contribution receivable	$ 2,126,370

The expected time expirations on restrictions for the use of the property are as follows:

Year ended December 31,	
2016	9,871
2017	10,940
2018	12,125
2019	13,438
2020	14,894
Thereafter	2,056,196
	$ 2,117,464

NOTE 7. LEASES

The Organizations lease equipment and office space under various operating leases. Future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2015 are as follows:

2016	$ 49,329
2017	74,065
2018	69,589
2019	3,589
2020	898
	$ 197,470

Equipment rental expense was $89,074 and $84,943 for the years ended December 31, 2015 and 2014, respectively. In addition, building rent expense under operating leases with a term in excess of one month that do not extend beyond a year was $156,089 and $138,343 for the years ended December 31, 2015 and 2014, respectively.

Ozanam, in operation of its Pathways program, leases several residential apartments under operating leases with terms of one year or less. Total rental expenses associated with these leases were $430,481 and $431,743 for the years ended December 31, 2015 and 2014, respectively.

NOTE 8. AFFILIATION AGREEMENT WITH THE UNIVERSITY OF KANSAS HOSPITAL AUTHORITY

In June of 2015, Cornerstones of Care and the University of Kansas Hospital Authority (the Authority) entered into a comprehensive Affiliation Agreement to focus on enhanced clinical integration of medical and behavioral health services, research and development in the prevention and treatment of adverse childhood experiences, and advocacy. The first clinical integration initiative in the partnership was the transition of the children's psychiatric hospital, previously operated by Marillac, to become the University of Kansas Hospital – Marillac Campus. The inpatient hospital is now operated as part of the University of Kansas Hospital, at the Marillac campus and with the support of the Marillac leadership team.

As part of the hospital transition, Marillac entered into a purchased services agreement with the Authority. In connection with the purchased services agreement, Marillac will provide certain administrative and support services to the Authority as defined in the agreement. The term of the agreement is for 5 years with two additional 5 year automatic renewal terms unless either party provides notice of termination at least 180 days prior to the end of the current term. Revenue was recognized in connection with this agreement during the year ended December 31, 2015 in the amount of $1,337,175 and is included in other program fees on the Statement of Activities. In connection with this agreement, the Authority and Marillac also entered into a hospital space and support services lease. Under the terms of the lease 20,462 of rentable square feet is leased to the Authority, along with the right to utilize common areas. Rent for the first year of the lease is $1,163,023. The lease also includes provisions for adjustment to the rental amounts each year to reflect changes in the fair market value of rental costs. The initial lease term is for 5 years with two renewal options of additional 5 year terms unless either party notifies the other at least 6 months prior to the end of the current lease term. Rental income was recognized in connection with this lease agreement during the year ended December 31, 2015 in the amount of $613,507 and is included in other program fees on the Statement of Activities.

In addition, in June of 2015, Marillac entered into an agreement with the Kansas University Psychiatry Foundation where Marillac will provide certain psychiatric services on the Marillac campus in connection with the agreements noted above. This agreement is for an initial term of one year and will renew automatically each year unless either party has given 90 days notice. Under the terms of the agreement, Marillac is reimbursed at certain agreed upon rates for physician services provided. Revenue was recognized in connection with this agreement in the amount of $147,828 during the year ended December 31, 2015 and is included in other program fees on the Statement of Activities.

NOTE 9. RETIREMENT PLANS

Gillis previously participated in a defined benefit plan sponsored by the Women's Christian Association (WCA). Effective for 2013, an agreement was reached between Gillis and WCA to split the obligation 70% for Gillis and 30% for WCA moving forward, regardless of the mix of Gills and WCA employees remaining under the plan. Subsequent to this change, in addition to the allocation of the liability, expenses incurred in connection with the plan have been allocated 70% to Gillis and 30% to WCA to reflect this new agreement. The plan was frozen in 1996 when Gillis established its separate 401(k) plan. For the years through December 31, 2003, Gillis was not required to make any additional contributions to the plan. Subsequently, Gillis has made contributions to the plan to reduce its share of the unfunded balance with the intent to fully fund its share of plan obligations in accordance with the Pension Protection Plan Act of 2006. Information regarding the plan as of December 31, 2015 and 2014 is summarized as follows:

	2015	2014
Projected benefit obligation	$ (568,016)	$ (544,302)
Plan assets at fair value	308,869	231,413
Funded status	$ (259,147)	$ (312,889)
Gillis Center, Inc.'s share at 70%	$ (181,403)	$ (219,022)

Gillis contributions to the plan for the years ended December 31, 2015 and 2014 were $80,993 and $60,632, respectively. Benefits paid from the plan for the years ended December 31, 2015 and 2014 that were attributable to Gillis were approximately $84,000 and $65,000, respectively. The following benefits attributable to Gillis are expected to be paid:

2016	$ 67,900
2017	13,300
2018	93,800
2019	51,100
2020	37,800
2021-2024	49,700
	$ 313,600

The actuarial assumptions used for the 2015 and 2014 valuations included (a) 5.00% and 6.55%, respectively, investment rate of return, and (b) projected salary increases of 0% for both valuations. The actuarial value of plan assets was determined by calculating the average value of assets on the valuation date and the two previous valuation dates. This method is used to minimize the effect of fluctuations in the pension fund balances.

In 2004, subsequent to establishing their own 401(k) plan in 1996, Gillis joined the existing plan that was implemented in 2000 by Spofford, Marillac, Healthy Families Counseling and Support and Cornerstones of Care.

Marillac Center, Inc. has a 403(b) retirement plan. The plan does not require Marillac Center, Inc. to make matching contributions. During 2001, the plan was closed to new participants. Existing participants may continue to make contributions to the plan.

Ozanam had a 403(b) salary deferral plan covering substantially all of their employees. Under this plan, Ozanam was to contribute 50% of the employees' deferral up to 6% of the employees' compensation. This plan was terminated during 2012. During 2004, Ozanam joined the plan that was implemented in 2000 by Spofford, Marillac, Healthy Families Counseling and Support and Cornerstones of Care.

During 2000, Spofford, Marillac, Healthy Families Counseling and Support and Cornerstones of Care implemented a defined contribution retirement plan open to all employees with at least 90 days or more of service. Prior to 2010, the Organizations contributed 50% of the contributions deferred by the employees, up to 6% of the employees' compensation. The Organizations were also able to make discretionary contributions to the plan. Contributions from the Organizations were discontinued in 2010. An employer match was reinstated in 2012 at fifty percent of the first two percent of employee contributions to the plan, and increased in 2013 to thirty percent of the first ten percent of employee contributions to the plan.

NOTE 10. LINES OF CREDIT

Cornerstones of Care has a $200,000 revolving line of credit with a bank which requires monthly interest payments at the bank's prime rate. The line is collateralized by a security interest in all assets of Cornerstones of Care. There was no balance on this line of credit as of December 31, 2015 and 2014.

Gillis has a $400,000 revolving line of credit with a bank which requires monthly interest payments at the bank's prime rate minus .25% adjusted daily with a floor of 4%. The line is collateralized by a security interest in accounts receivable. The balance on the line of credit was $200,000 as of both December 31, 2015 and 2014.

In 2015, Spofford obtained a line of credit for $150,000 with an interest rate of 4.00%, secured by an investment account. There was no balance on this line of credit as of December 31, 2015.

Marillac has a revolving line of credit for $500,000 with an interest rate of 4.00%, secured by accounts receivable of the borrower. The balance on the line of credit was $0 and $345,000 as of December 31, 2015 and 2014.

NOTE 11. NOTES PAYABLE

For the years ended December 31, 2015 and 2014, notes payable consisted of the following:

	2015	2014
On April 27, 2011, Cornerstones signed a note payable to a bank in the amount of $700,000 for the purpose of providing funds to purchase and renovate a new office building. The note is secured by the Cornerstones investment portfolio. The Organization will pay this loan in 59 regular payments of $7,202 each and one final payment of $395,013. The first payment was made on May 27, 2011, and all subsequent payments are due on the same day of each month after that. The final payment is due on April 27, 2016, and will be for all principal and all accrued interest not yet paid. The note has a fixed interest rate of 4.28%.	$ 410,903	$ 477,892
On April 4, 2007, Marillac signed a note payable to a bank in the amount of $1,866,399 to be used as working capital. The note is secured by real estate owned by Marillac. Various provisions of the note were amended in 2011, including a requirement that Marillac Foundation guarantee the debt. Marillac is required to maintain a debt service coverage ratio covenant, as defined in the agreement, of 1:1.0. Marillac is required to make principal and interest payments in monthly installments totaling $16,854 beginning May 15, 2007 and ending March 1, 2017. The remaining principal balance of $881,588 is due on May 15, 2017. This note has a fixed interest rate of 6.97%.	1,037,468	1,161,573
On July 30, 2014, Marillac signed a note payable to a bank in the amount of $231,449 to refinance an existing note. The note is guaranteed by Cornerstones of Care. Marillac is required to make principal and interest payments in monthly installments totaling $4,320 beginning August 30, 2014 and ending July 30, 2019. This note has a fixed interest rate of 4.48%.	170,795	214,126
Total notes payable as of December 31, 2015 and 2014	$ 1,619,166	$ 1,853,591

Estimated maturities on notes payable are as follows:

	Principal	Interest
2016	$ 588,846	$ 81,973
2017	951,587	15,549
2018	49,269	2,571
2019	29,464	450
	$ 1,619,166	$ 100,543

NOTE 12. SPLIT INTEREST AGREEMENTS

Ozanam is the recipient of various unrestricted and restricted charitable gift annuities. The assets are recognized at fair value when received and the annuity payment liabilities are recorded at the present value of future cash flows expected to be paid, based on the donors' life expectancies and discount rates, which range from 8% to 11.5%. All annuity agreements as of December 31, 2015 and 2014 require scheduled payments to the donors, which terminate upon the donors' death. Ozanam has a cumulative liability for annuities of $45,970 and $47,321 as of December 31, 2015 and 2014.

NOTE 13. REQUIRED CASH FLOW DISCLOSURES

During the years ended December 31, 2015 and 2014, the Organizations paid $129,755 and $155,632 in interest. The Organizations paid no income taxes for either year.

NOTE 14. EQUALIZATION TRANSFER

Cornerstones of Care and certain other related organizations, namely Ozanam, Marillac, Gillis, and Spofford adopted an equalization policy (the Policy) in 2001. The Policy was revised effective January 1, 2010. The revision provides for the equalization adjustment to be generally limited to the change in net assets derived from operations for the period as defined by the Policy for each entity. As such, entities generally experiencing an increase in operating net assets agreed to provide support for entities generally experiencing a decrease in operating net assets for the period.

For the years ended December 31, 2015 and 2014, the following amounts were received (contributed) by each organization:

	2015	2014
Cornerstones of Care	$ (100,624)	$ (1,061,115)
Marillac	(540)	591,642
Spofford	104,870	264,758
Ozanam	(34)	(74,550)
Gillis	(3,672)	279,265

NOTE 15. CONCENTRATION OF CREDIT RISK

The Organizations maintain cash in bank deposit accounts and money market accounts at financial institutions. Accounts at bank institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Accounts at the financial institution are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000 ($250,000 for cash balances). As of December 31, 2015 and 2014, $4,520,650 and $4,600,457, respectively, of the cash balance was uninsured.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organizations establish an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. The Organizations do not require collateral or other security to support accounts receivable.

The Organization has investments in equity and debt securities that are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with these assets, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities.

NOTE 15. ENDOWMENT FUNDS

Permanently restricted net assets at December 31, 2015 and 2014 consist of endowment funds established to support the Organizations. Contributions to the endowment funds are subject to donor restrictions that stipulate the original principal of the gift are to be held and invested by the Organizations indefinitely and income from the funds are to be expended for general purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Missouri adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2009. The Organizations have interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organizations classify as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment funds, (2) the original value of subsequent gifts to the permanent endowment funds, and (3) accumulations to the permanent endowment funds 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 funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organizations, and (7) the Organization's investment policies.

The Organizations invest the Endowment funds in a similar manner as Board Designated funds. The Organizations seek to build endowment assets through additional contributions. The Organizations generally distribute the endowment fund's investment income in accordance with the Board’s spending policy. The current spending policy is not expected to allow the Organization's endowment fund to grow as a result of investment returns except those restricted by the donor. Management believes this is consistent with the Organization's objectives to provide income for its program, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

The composition of endowment net assets and the changes in net assets of the endowment funds as of December 31, 2015 and 2014 are as follows:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, January 1, 2014	$ 314,211	$ 2,152,632
Contributions	-	355,990
Investment income	92,029	410
Investment fees	(11,608)	-
Net appreciation	10,759	-
Amounts appropriated for expenditure	(73,365)	-
Endowment net assets, December 31, 2014	332,026	2,509,032
Contributions	-	83,146
Investment income	92,856	416
Investment fees	(7,949)	-
Net depreciation	(115,970)	-
Amounts appropriated for expenditure	(112,629)	-
Endowment net assets, December 31, 2015	$ 188,334	$ 2,592,594

NOTE 16. BOARD DESIGNATED NET ASSETS

Board designated net assets as of December 31, 2015 and 2014 consist of amounts designated for the following purposes:

	2015	2014
Ozanam - Emergency Reserve	$ 300,000	$ 300,000
Ozanam - Foundation Development	338,146	342,470
Total board designated net assets	$ 638,146	$ 642,470

NOTE 17. BOARD DESIGNATED QUASI-ENDOWMENT NET ASSETS

The Gillis Board Designated Quasi-Endowment is held in trust under a trust agreement entered into in 1985 before Gillis separated its affiliation with Women's Christian Association in 1997. The members of the Executive Committee of Gillis are ex-officio trustees of the trust.

The Board has a longstanding practice of managing these net assets as a quasi-endowment. Their practice is to spend, each year, 4.5% of the rolling 5-year average quasi-endowment balance, for general support of the Gillis mission. The practice is confirmed each year in the budgeting process.

During 2011, the Ozanam Foundation Board passed a motion to classify all unrestricted net assets of the foundation as a Board Designated Quasi-Endowment. The Board will manage these assets by spending 4.5% of the rolling 5-year average quasi endowment balance. The practice is confirmed each year in the budgeting process.

Composition of and changes in the board designated net assets for the years ended December 31, 2015 and 2014 were as follows:

	Gillis	Ozanam Foundation	Total
Board designated quasi-endowment, January 1, 2014	$ 2,047,673	$ 4,442,763	$ 6,490,436
Contributions	257,699	48,704	306,403
Investment Income	129,243	139,703	268,946
Net appreciation (depreciation)	1,498	80,770	82,268
Amounts appropriated for expenditure	(413,595)	(219,466)	(633,061)
Board designated quasi-endowment, December 31, 2014	2,022,518	4,492,474	6,514,992
Contributions	100,610	60,994	161,604
Investment Income	51,422	142,482	193,904
Net appreciation (depreciation)	(72,258)	(155,176)	(227,434)
Amounts appropriated for expenditure	(123,234)	(234,579)	(357,813)
Board designated quasi-endowment, December 31, 2015	$ 1,979,058	$ 4,306,195	$ 6,285,253

NOTE 18. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 and 2014 are available for the following:

	2015	2014
Cornerstones of Care program services	$ 162,940	$ 217,722
Support of Gillis	2,891,854	2,677,686
Support of Ozanam	1,421,710	1,608,740
Support of Marillac	25,861	264,629
Support of Spofford	406,604	631,811
	$ 4,908,969	$ 5,400,588

Permanently restricted net assets for the years ended December 31, 2015 and 2014 are permanent endowments restricted by donors as follows:

	2015	2014
Support of Gillis	$ 211,878	$ 211,878
Support of Ozanam	2,213,398	2,130,252
Support of Spofford	167,318	166,902
	$ 2,592,594	$ 2,509,032

NOTE 19. MISSOURI ALLIANCE FOR CHILDREN AND FAMILIES, LLC

Cornerstones has an interest in the Missouri Alliance for Children and Families, LLC. The initial investment by Cornerstones has been used for losses incurred by Missouri Alliance. Cornerstones is not responsible for any obligation of Missouri Alliance unless guaranteed by Cornerstones of Care. The operating agreement provides that the Alliance has the ability to initiate a capital call. In the event of a capital call, Cornerstones would have the option to participate or not participate in the additional investment.

As of December 31, 2015 and 2014, Cornerstones and affiliates had receivables reported from the Missouri Alliance amounting to $219,380 and $253,148, respectively.

NOTE 20. SUBSEQUENT EVENTS

The Organizations evaluated subsequent events through May 18, 2015 the date the financial statements were available to be issued.

On April 27, 2016, Cornerstones of Care signed a note payable to a bank in the amount of $393,687 to refinance their note payable described in Note 11. The note is secured by the Cornerstones of Care investment portfolio. The loan will be repaid in 36 regular monthly payments in the amount of $11,457 with the final payment due on April 27, 2019. The note has a fixed interest rate of 3.00% with no prepayment penalty.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Cornerstones of Care and Affiliates
Kansas City, Missouri

We have audited the accompanying consolidated financial statements of Cornerstones of Care and Affiliates (the Organizations) as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated May 18, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Kansas City, Missouri
May 18, 2016

Cochran Head Vick & Co. P.C.

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CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2015

ASSETS	Cornerstones of Care	Gillis Center, Inc.	Ozanam	Ozanam Foundation	Ozanam Thriftmart	Spofford
Current assets:						
Cash and cash equivalents	$ 3,831,447	$ 731,536	$ 626,121	$ -	$ 114,197	$ 592,287
Accounts receivable, less allowance for doubtful accounts $434,277 at December 31, 2015	489,373	907,233	1,170,659	-	-	408,647
Contributions receivable	76,700	98,616	20,875	-	-	87,000
Contributions receivable - use of property	-	9,871	-	-	-	-
Other receivables	55,446	25,845	57,445	-	-	77,568
Prepaid expenses	58,431	36,281	80,489	-	-	21,840
Due from related agencies	1,144,223	48,895	220,303	-	5,885	257,190
Total current assets	5,655,620	1,858,277	2,175,892	-	120,082	1,444,532
Investments	3,843,405	2,199,123	1,466,394	7,323,281	-	467,169
Contribution receivable - use of property	-	2,107,593	-	-	-	-
Security deposits	-	-	15,150	-	-	-
Property and equipment, less accumulated depreciation	2,799,879	642,068	3,632,917	-	-	1,101,965
TOTAL ASSETS	$ 12,298,904	$ 6,807,061	$ 7,290,353	$ 7,323,281	$ 120,082	$ 3,013,666
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	$ 2,421,889	$ 164,108	$ 317,251	$ -	$ -	$ 78,494
Accrued compensation expense	676,425	281,724	456,614	-	-	253,377
Deferred revenue	-	-	307,033	-	-	81,205
Due to related agency	921,544	86,153	204,887	14,070	-	39,690
Lines of credit	-	200,000	-	-	-	-
Current portion of notes payable	410,903	-	-	-	-	-
Current portion of pension plan obligation	-	54,712	-	-	-	-
Total current liabilities	4,430,761	786,697	1,285,785	14,070	-	452,766
Annuity agreements	-	-	45,970	-	-	-
Notes payable, less current portion	-	-	-	-	-	-
Pension plan obligation, less current portion	-	126,691	-	-	-	-
Total liabilities	4,430,761	913,388	1,331,755	14,070	-	452,766
NET ASSETS						
Unrestricted						
Undesignated	7,705,203	810,883	4,688,360	-	120,082	2,197,317
Board designated	-	-	300,000	338,146	-	-
Board designated - Quasi Endowment	-	1,979,058	-	4,306,195	-	-
Total Unrestricted	7,705,203	2,789,941	4,988,360	4,644,341	120,082	2,197,317
Temporarily restricted	162,940	2,891,854	970,238	451,472	-	363,583
Permanently restricted	-	211,878	-	2,213,398	-	-
Total net assets	7,868,143	5,893,673	5,958,598	7,309,211	120,082	2,560,900
TOTAL LIABILITIES AND NET ASSETS	$ 12,298,904	$ 6,807,061	$ 7,290,353	$ 7,323,281	$ 120,082	$ 3,013,666

See Independent Auditor's Report on Supplemental Information

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2015

ASSETS	Spofford Foundation	Marillac Center, Inc.	Marillac Foundation	Eliminations	Consolidated Totals
Current assets:					
Cash and cash equivalents	$ -	$ 998,445	$ -	$ -	$ 6,894,033
Accounts receivable, less allowance for doubtful accounts $434,277 at December 31, 2015	-	1,143,694	-	(208,089)	3,911,517
Contributions receivable	-	-	-	-	283,191
Contributions receivable - use of property	-	-	-	-	9,871
Other receivables	-	153,648	-	-	369,952
Prepaid expenses	-	39,045	-	-	236,086
Due from related agencies	-	52,503	-	(1,728,999)	-
Total current assets	-	2,387,335	-	(1,937,088)	11,704,650
Investments	3,117,169	-	64,625	-	18,481,166
Contribution receivable - use of property	-	-	-	-	2,107,593
Security deposits	-	74,697	-	-	89,847
Property and equipment, less accumulated depreciation	-	7,072,535	-	-	15,249,364
TOTAL ASSETS	$ 3,117,169	$ 9,534,567	$ 64,625	$ (1,937,088)	$ 47,632,620
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ -	$ 251,571	$ -	$ (442,994)	$ 2,790,319
Accrued compensation expense	-	321,118	-	-	1,989,258
Deferred revenue	-	96,919	-	-	485,157
Due to related agency	112,000	111,446	4,304	(1,494,094)	-
Lines of credit	-	-	-	-	200,000
Current portion of notes payable	-	177,943	-	-	588,846
Current portion of pension plan obligation	-	-	-	-	54,712
Total current liabilities	112,000	958,997	4,304	(1,937,088)	6,108,292
Annuity agreements	-	-	-	-	45,970
Notes payable, less current portion	-	1,030,320	-	-	1,030,320
Pension plan obligation, less current portion	-	-	-	-	126,691
Total liabilities	112,000	1,989,317	4,304	(1,937,088)	7,311,273
NET ASSETS					
Unrestricted					
Undesignated	2,794,830	7,519,389	60,321	-	25,896,385
Board designated	-	-	-	-	638,146
Board designated - Quasi Endowment	-	-	-	-	6,285,253
Total Unrestricted	2,794,830	7,519,389	60,321	-	32,819,784
Temporarily restricted	43,021	25,861	-	-	4,908,969
Permanently restricted	167,318	-	-	-	2,592,594
Total net assets	3,005,169	7,545,250	60,321	-	40,321,347
TOTAL LIABILITIES AND NET ASSETS	$ 3,117,169	$ 9,534,567	$ 64,625	$ (1,937,088)	$ 47,632,620

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2014

ASSETS	Cornerstones of Care	Gillis Center, Inc.	Ozanam	Ozanam Foundation	Ozanam Thriftmart	Spofford
Current assets:						
Cash and cash equivalents	$ 3,511,258	$ 844,324	$ 1,016,850	$ -	$ 85,478	$ 762,240
Accounts receivable, less allowance for doubtful accounts $536,481 at December 31, 2014	326,961	800,299	1,126,046	-	-	403,554
Contributions receivable	143,874	101,963	26,011	-	-	-
Contributions receivable - use of property	-	8,906	-	-	-	-
Other receivables	88,641	4,039	17,199	-	-	818,579
Prepaid expenses	201,085	88,312	106,541	-	-	45,069
Due from related agencies	1,541,617	357,009	126,726	8,715	-	355,932
Total current assets	5,813,436	2,204,852	2,419,373	8,715	85,478	2,385,374
Investments	4,027,379	2,239,579	1,413,281	7,561,894	-	469,158
Contributions receivable - use of property	-	2,117,464	-	-	-	-
Security deposits	-	-	16,303	-	-	-
Property and equipment, less accumulated depreciation	1,389,564	625,510	3,642,724	-	-	1,105,661
TOTAL ASSETS	$ 11,230,379	$ 7,187,405	$ 7,491,681	$ 7,570,609	$ 85,478	$ 3,960,193
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	$ 1,630,991	$ 239,202	$ 387,758	$ -	$ -	$ 156,398
Accrued compensation expense	568,731	329,410	448,412	-	-	262,717
Deferred revenue	-	5,114	284,385	-	-	665,682
Due to related agency	1,220,362	326,056	281,128	17,813	755	99,115
Lines of credit	-	200,000	-	-	-	-
Current portion of notes payable	67,018	-	-	-	-	-
Current portion of pension plan obligation	-	57,902	-	-	-	-
Total current liabilities	3,487,102	1,157,684	1,401,683	17,813	755	1,183,912
Annuity agreements	-	-	47,321	-	-	-
Notes payable, less current portion	410,874	-	-	-	-	-
Pension plan obligation, less current portion	-	161,120	-	-	-	-
Total liabilities	3,897,976	1,318,804	1,449,004	17,813	755	1,183,912
NET ASSETS						
Unrestricted						
Undesignated	7,114,681	956,519	4,721,537	-	84,723	2,197,993
Board designated	-	-	300,000	342,470	-	-
Board designated - Quasi Endowment	-	2,022,518	-	4,492,474	-	-
Total Unrestricted	7,114,681	2,979,037	5,021,537	4,834,944	84,723	2,197,993
Temporarily restricted	217,722	2,677,686	1,021,140	587,600	-	578,288
Permanently restricted	-	211,878	-	2,130,252	-	-
Total net assets	7,332,403	5,868,601	6,042,677	7,552,796	84,723	2,776,281
TOTAL LIABILITIES AND NET ASSETS	$ 11,230,379	$ 7,187,405	$ 7,491,681	$ 7,570,609	$ 85,478	$ 3,960,193

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2014

ASSETS	Spofford Foundation	Marillac Center, Inc.	Marillac Foundation	Eliminations	Consolidated Totals
Current assets:					
Cash and cash equivalents	$ -	$ 315,414	$ -	$ -	$ 6,535,564
Accounts receivable, less allowance for doubtful accounts $536,481 at December 31, 2014	-	2,333,545	-	(221,451)	4,768,954
Contributions receivable	425,000	162,998	-	-	859,846
Contributions receivable - use of property	-	-	-	-	8,906
Other receivables	-	76,312	-	-	1,004,770
Prepaid expenses	-	83,514	-	-	524,521
Due from related agencies	2,580	777,671	-	(3,170,250)	-
Total current assets	427,580	3,749,454	-	(3,391,701)	13,702,561
Investments	2,895,254	-	68,889		18,675,434
Contributions receivable - use of property	-	-	-	-	2,117,464
Security deposits	-	73,881	-	-	90,184
Property and equipment, less accumulated depreciation	-	7,258,038	-	-	14,021,497
TOTAL ASSETS	$ 3,322,834	$ 11,081,373	$ 68,889	$ (3,391,701)	$ 48,607,140
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ -	$ 436,019	$ -	$ (862,866)	$ 1,987,502
Accrued compensation expense	-	484,163	-	-	2,093,433
Deferred revenue	-	56,893	-	-	1,012,074
Due to related agency	-	582,111	1,495	(2,528,835)	-
Lines of credit	-	345,000	-	-	545,000
Current portion of notes payable	-	167,110	-	-	234,128
Current portion of pension plan obligation	-	-	-	-	57,902
Total current liabilities	-	2,071,296	1,495	(3,391,701)	5,930,039
Annuity agreements	-	-	-	-	47,321
Notes payable, less current portion	-	1,208,589	-	-	1,619,463
Pension plan obligation, less current portion	-	-	-	-	161,120
Total liabilities	-	3,279,885	1,495	(3,391,701)	7,757,943
NET ASSETS					
Unrestricted					
Undesignated	3,102,409	7,536,859	67,394	-	25,782,115
Board designated	-	-	-	-	642,470
Board designated - Quasi Endowment	-	-	-	-	6,514,992
Total Unrestricted	3,102,409	7,536,859	67,394	-	32,939,577
Temporarily restricted	53,523	264,629	-	-	5,400,588
Permanently restricted	166,902	-	-	-	2,509,032
Total net assets	3,322,834	7,801,488	67,394	-	40,849,197
TOTAL LIABILITIES AND NET ASSETS	$ 3,322,834	$ 11,081,373	$ 68,889	$ (3,391,701)	$ 48,607,140

See Independent Auditor's Report on Supplemental Information

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Cornerstones of Care	Gillis Center, Inc.	Ozanam	Ozanam Foundation	Ozanam Thriftmart	Spofford
REVENUE AND OTHER SUPPORT						
Program fees						
Government agencies	$ 16,608,552	$ 6,124,768	$ 7,980,711	$ -	$ -	$ 2,605,383
Other program fees	5,257,046	1,324,699	2,415,850	-	-	1,461,637
Total program fees	21,865,598	7,449,467	10,396,561	-	-	4,067,020
Other support and revenue						
Grants from government agencies	-	134,009	102,778	-	-	53,863
Contributions and bequests	451,625	1,134,984	856,924	136,399	-	980,929
In kind contributions	49,295	11,515	12,580	-	-	45,324
United Way	94,165	177,118	174,932	-	-	121,641
Special events	2,000	289,164	641,547	-	-	383,751
Less direct costs	(6,000)	(139,625)	(103,994)	-	-	(116,830)
Investment income (loss)	284	(19,153)	12,359	(38,006)	-	2,859
Miscellaneous	25,996	4,583	14,206	9,865	58,807	54,066
Total other support and revenue	617,365	1,592,595	1,711,332	108,258	58,807	1,525,603
Total revenue and other support	22,482,963	9,042,062	12,107,893	108,258	58,807	5,592,623
EXPENSES						
Program services	16,521,053	7,398,058	10,541,987	328,934	23,000	4,870,950
Supporting services						
Administrative	5,108,562	1,328,814	1,206,434	22,909	448	751,026
Development	216,984	286,446	443,517	-	-	290,898
Total supporting services	5,325,546	1,615,260	1,649,951	22,909	448	1,041,924
Total expenses	21,846,599	9,013,318	12,191,938	351,843	23,448	5,912,874
CHANGE IN NET ASSETS, prior to equalization transfer	636,364	28,744	(84,045)	(243,585)	35,359	(320,251)
Equalization transfer	(100,624)	(3,672)	(34)	-	-	104,870
CHANGE IN NET ASSETS	535,740	25,072	(84,079)	(243,585)	35,359	(215,381)
NET ASSETS, beginning of year	7,332,403	5,868,601	6,042,677	7,552,796	84,723	2,776,281
NET ASSETS, end of year	$ 7,868,143	$ 5,893,673	$ 5,958,598	$ 7,309,211	$ 120,082	$ 2,560,900

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Spofford Foundation	Marillac Center, Inc.	Marillac Foundation	Eliminations	Consolidated Totals
REVENUE AND OTHER SUPPORT					
Program fees					
Government agencies	$ -	$ 6,480,353	$ -	$ -	$ 39,799,767
Other program fees	-	4,650,070	-	(7,607,791)	7,501,511
Total program fees	-	11,130,423	-	(7,607,791)	47,301,278
Other support and revenue					
Grants from government agencies	-	103,428	-	-	394,078
Contributions and bequests	37,371	(61,366)	225	(672,798)	2,864,293
In kind contributions	-	6,807	-	-	125,521
United Way	-	161,833	-	-	729,689
Special events	-	118,608	-	-	1,435,070
Less direct costs	-	(39,063)	-	-	(405,512)
Investment income (loss)	5,367	3,158	(3,679)	-	(36,811)
Miscellaneous	-	235,118	-	-	402,641
Total other support and revenue	42,738	528,523	(3,454)	(672,798)	5,508,969
Total revenue and other support	42,738	11,658,946	(3,454)	(8,280,589)	52,810,247
EXPENSES					
Program services	341,055	9,726,673	2,809	(5,881,689)	43,872,830
Supporting services					
Administrative	19,348	1,912,884	810	(2,380,774)	7,970,461
Development	-	275,087	-	(18,126)	1,494,806
Total supporting services	19,348	2,187,971	810	(2,398,900)	9,465,267
Total expenses	360,403	11,914,644	3,619	(8,280,589)	53,338,097
CHANGE IN NET ASSETS, prior to equalization transfer	(317,665)	(255,698)	(7,073)	-	(527,850)
Equalization transfer	-	(540)	-	-	-
CHANGE IN NET ASSETS	(317,665)	(256,238)	(7,073)	-	(527,850)
NET ASSETS, beginning of year	3,322,834	7,801,488	67,394	-	40,849,197
NET ASSETS, end of year	$ 3,005,169	$ 7,545,250	$ 60,321	$ -	$ 40,321,347

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Cornerstones of Care	Gillis Center, Inc.	Ozanam	Ozanam Foundation	Ozanam Thriftmart	Spofford
REVENUE AND OTHER SUPPORT						
Program fees						
Government agencies	$ 13,984,818	$ 5,396,672	$ 7,642,321	$ -	$ -	$ 3,244,622
Other program fees	4,440,543	1,147,114	2,427,899	-	-	841,601
Total program fees	18,425,361	6,543,786	10,070,220	-	-	4,086,223
Other support and revenue						
Grants from government agencies	-	176,080	86,189	-	-	74,606
Contributions and bequests	632,401	1,051,313	826,699	371,894	-	793,662
In kind contributions	41,140	220,063	37,653	-	-	37,577
United Way	69,179	191,343	186,276	-	-	125,354
Special events	12,000	271,195	631,726	-	-	197,133
Less direct costs	(10,000)	(120,984)	(88,068)	-	-	(84,163)
Investment income	228,501	129,672	58,892	377,409	-	19,323
Miscellaneous	30,190	9,759	9,215	-	60,880	47,573
Total other support and revenue	1,003,411	1,928,441	1,748,582	749,303	60,880	1,211,065
Total revenue and other support	19,428,772	8,472,227	11,818,802	749,303	60,880	5,297,288
EXPENSES						
Program services	14,049,186	6,735,816	10,042,565	300,749	105,605	4,549,078
Supporting services						
Administrative	3,792,278	1,207,348	1,069,200	33,851	-	671,657
Development	190,134	280,885	425,205	-	-	234,958
Total supporting services	3,982,412	1,488,233	1,494,405	33,851	-	906,615
Total expenses	18,031,598	8,224,049	11,536,970	334,600	105,605	5,455,693
CHANGE IN NET ASSETS, prior to equalization transfer	1,397,174	248,178	281,832	414,703	(44,725)	(158,405)
Equalization transfer	(1,061,115)	279,265	(74,550)	-	-	264,758
CHANGE IN NET ASSETS	336,059	527,443	207,282	414,703	(44,725)	106,353
NET ASSETS, beginning of year	6,996,344	5,341,158	5,835,395	7,138,093	129,448	2,669,928
NET ASSETS, end of year	$ 7,332,403	$ 5,868,601	$ 6,042,677	$ 7,552,796	$ 84,723	$ 2,776,281

CORNERSTONES OF CARE AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Spofford Foundation	Marillac Center, Inc.	Marillac Foundation	Eliminations	Consolidated Totals
REVENUE AND OTHER SUPPORT					
Program fees					
Government agencies	$ -	$ 7,850,141	$ -	$ -	$ 38,118,574
Other program fees	-	3,946,725	-	(6,646,208)	6,157,674
Total program fees	-	11,796,866	-	(6,646,208)	44,276,248
Other support and revenue					
Grants from government agencies	-	93,811	-	-	430,686
Contributions and bequests	515,131	506,642	567	(869,522)	3,828,787
In kind contributions	-	2,580	-	-	339,013
United Way	-	165,358	-	-	737,510
Special events	-	112,969	-	-	1,225,023
Less direct costs	-	(28,859)	-	-	(332,074)
Investment income	124,908	134	2,012	-	940,851
Miscellaneous	-	49,311	-	-	206,928
Total other support and revenue	640,039	901,946	2,579	(869,522)	7,376,724
Total revenue and other support	640,039	12,698,812	2,579	(7,515,730)	51,652,972
EXPENSES					
Program services	113,858	10,986,678	350,065	(5,565,413)	41,668,187
Supporting services					
Administrative	15,052	1,934,262	1,239	(1,935,005)	6,789,882
Development	-	236,140	-	(15,312)	1,352,010
Total supporting services	15,052	2,170,402	1,239	(1,950,317)	8,141,892
Total expenses	128,910	13,157,080	351,304	(7,515,730)	49,810,079
CHANGE IN NET ASSETS, prior to equalization transfer	511,129	(458,268)	(348,725)	-	1,842,893
Equalization transfer	-	591,642	-	-	-
CHANGE IN NET ASSETS	511,129	133,374	(348,725)	-	1,842,893
NET ASSETS, beginning of year	2,811,705	7,668,114	416,119	-	39,006,304
NET ASSETS, end of year	$ 3,322,834	$ 7,801,488	$ 67,394	$ -	$ 40,849,197

COMPLIANCE REPORT

CHV & Co

COCHRAN HEAD VICK & CO., P.C.

Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Cornerstones of Care and Affiliates

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cornerstones of Care and Affiliates (the Organizations), which comprise the consolidated statements of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated May 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organizations' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organizations' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kansas City, Missouri
May 18, 2016