Financial Statements

ALL SAINTS CHURCH

December 31, 2017

HENSIEK & CARON
CERTIFIED PUBLIC ACCOUNTANTS
650 SIERRA MADRE VILLA, SUITE 303
PASADENA, CALIFORNIA 91107
TELEPHONE (626) 792-9988 FAX (626) 792-9852

BARRY B. HENSIEK, CPA
SUSAN E. CARON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Rector, Wardens and Vestry of
All Saints Church

We have audited the accompanying financial statements of All Saints Church (a nonprofit religious corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Basis for Qualified Opinion

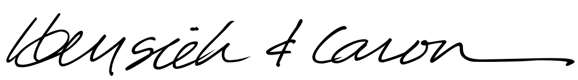
As described in Note 1 to the financial statements, the Church does not record depreciation in the financial statements. In our opinion, U.S. generally accepted accounting principles require that such depreciation be recorded. It was not practicable to determine the effects of the unrecorded depreciation on the financial statements.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of All Saints Church as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited All Saints Church 2016 financial statements, and our report dated November 16, 2017, expressed a qualified opinion on those audited financial statements due to the church not recording depreciation. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, CA
October 2, 2018

ALL SAINTS CHURCH
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2016

ASSETS

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Assets					
Cash and cash equivalents	$ 3,005,635	$ 1,638,724	$ -	$ 4,644,359	$ 4,519,791
Pledges receivable	2,569	-	-	2,569	14,162
Prepaid expenses	89,786	-	-	89,786	15,065
Investments	-	1,404,169	601,164	2,005,333	1,837,854
Land, building and equipment	19,636,524	-	-	19,636,524	19,482,149
Total Assets	$ 22,734,514	$ 3,042,893	$ 601,164	$ 26,378,571	$ 25,869,021

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Liabilities					
Accounts payable and accrued expenses	$ 170,971	$ -	$ -	$ 170,971	$ 186,111
Accrued vacation	65,543	-	-	65,543	66,441
Total Liabilities	236,514	-	-	236,514	252,552
Net Assets					
Unrestricted					
Board designated	2,049,905	-	-	2,049,905	2,176,468
Operating	20,448,095	-	-	20,448,095	19,923,316
Temporarily restricted	-	3,042,893	-	3,042,893	2,915,521
Permanently restricted	-	-	601,164	601,164	601,164
Total Net Assets	22,498,000	3,042,893	601,164	26,142,057	25,616,469
Total Liabilities and Net Assets	$ 22,734,514	$ 3,042,893	$ 601,164	$ 26,378,571	$ 25,869,021

The accompanying notes are an integral part of these statements.

ALL SAINTS CHURCH
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2016

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support, Revenue and Other Income					
Donations	$ 4,140,919	$ 807,805	$ -	$ 4,948,724	$ 5,069,881
Rental income	271,242	-	-	271,242	308,355
Investment returns	277,330	-	-	277,330	131,988
Trust income	-	14,418	-	14,418	14,559
Program income	52,480	-	-	52,480	75,889
Net assets released due to satisfaction of:					
Purpose restrictions	318,643	(318,643)	-	-	-
Time restrictions	365,515	(365,515)	-	-	-
Total Support, Revenue and Other Income	5,426,129	138,065	-	5,564,194	5,600,672
Expenses					
Program expenses					
Buildings and grounds	807,392	-	-	807,392	764,242
Outreach	372,608	-	-	372,608	365,532
Pastoral care	497,537	-	-	497,537	592,135
Worship	520,827	-	-	520,827	522,707
Music	368,940	-	-	368,940	396,055
Children, youth & families	374,301	-	-	374,301	330,295
Incorporation	109,599	-	-	109,599	56,134
Program support	122,514	-	-	122,514	153,904
Parish life	61,810	-	-	61,810	73,932
Adult education	92,990	-	-	92,990	109,304
Diocesan pledge	480,000	-	-	480,000	480,000
Total Program Expenses	3,808,518	-	-	3,808,518	3,844,240
Management and general	963,743	-	-	963,743	1,061,467
Stewardship	255,652	-	-	255,652	252,011
Total Expenses	5,027,913	-	-	5,027,913	5,157,718
Decrease in fair value of pledges	-	10,693	-	10,693	71,729
Total Expenses and Losses	5,027,913	10,693	-	5,038,606	5,229,447
Change in Net Assets	$ 398,216	$ 127,372	$ -	$ 525,588	$ 371,225

ALL SAINTS CHURCH
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, December 31, 2015	$ 21,422,573	$ 3,221,507	$ 601,164	$ 25,245,244
Change in Net Assets - 2016	677,211	(305,986)	-	371,225
Net Assets, December 31, 2016	22,099,784	2,915,521	601,164	25,616,469
Change in Net Assets - 2017	398,216	127,372	-	525,588
Net Assets, December 31, 2017	$ 22,498,000	$ 3,042,893	$ 601,164	$ 26,142,057

ALL SAINTS CHURCH
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2016

	2017	2016
Cash Flows from Operating Activities		
Cash received from service recipients	$ 323,722	$ 384,244
Cash received from donors	4,974,735	5,157,069
Cash paid to suppliers and employees	(5,129,365)	(5,223,631)
Interest and dividends received	485	4,116
Net Cash Provided by Operating Activities	169,577	321,798
Cash Flows from Investing Activities		
Additions to land, building and equipment	(154,375)	(247,005)
Proceeds from sale of investments	109,366	1,987,040
Purchases of investments	-	(1,755,455)
Net Cash Used in Investing Activities	(45,009)	(15,420)
Net Increase in Cash	124,568	306,378
Cash, Beginning	4,519,791	4,213,413
Cash, Ending	$ 4,644,359	$ 4,519,791

	2017	2016
Reconciliation of the Change in Net Assets To Net Cash Provided by Operating Activities		
Change in Net Assets	$ 525,588	$ 371,225
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Decrease in fair value of pledges	10,693	71,729
Realized and unrealized gains on investments	(276,845)	(127,872)
(Increase) Decrease in:		
Pledges receivable	900	900
Prepaid expenses and other assets	(74,721)	4,603
Increase (Decrease) in:		
Accounts payable	(15,140)	17,426
Accrued vacation	(898)	(16,213)
Net Cash Provided by Operating Activities	$ 169,577	$ 321,798

ALL SAINTS CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2016

	2017				2016
	Programs	Management and General	Stewardship	Total	Total
Salaries	$ 1,359,350	$ 422,319	$ 172,551	$ 1,954,220	$ 1,891,449
Diocesan pledge	480,000	-	-	480,000	480,000
Benefits	274,397	85,249	34,831	394,477	365,496
Repairs and maintenance	288,158	-	-	288,158	302,674
Program support and supplies	265,640	173,584	17,175	456,399	452,614
Outside services	74,937	172,686	-	247,623	265,857
Utilities	143,394	-	-	143,394	149,050
Retirement	91,422	28,403	11,605	131,430	121,563
Payroll taxes	88,774	27,580	11,269	127,623	122,684
Outreach grants	122,502	-	-	122,502	121,986
Worship expenses	110,120	-	-	110,120	106,540
Housing	87,788	-	-	87,788	148,389
Clergy pension	78,813	-	-	78,813	73,098
Printing and copying	53,263	14,343	236	67,842	53,154
Music expenses	64,374	-	-	64,374	116,996
Insurance	58,709	-	-	58,709	58,811
Computer expenses	55,948	-	-	55,948	104,811
Events and conferences	42,349	6,537	-	48,886	65,175
Taxes and licenses	45,757	-	-	45,757	47,321
Professional fees	-	17,780	2,510	20,290	19,294
Auto expense	15,482	-	-	15,482	19,233
Website	-	14,133	-	14,133	7,641
Postage	7,341	1,129	5,475	13,945	44,657
Capital campaign support	-	-	-	-	19,225
	$ 3,808,518	$ 963,743	$ 255,652	$ 5,027,913	$ 5,157,718

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – All Saints Church (the Church) was organized in 1895 as an inclusive, urban, liberal-spirited church committed to issues of social peace and justice and to the spirit of creativity in all aspects of life. The Church offers various ministries, worship and other activities to its members. The Church is part of the Diocese of Los Angeles; a community of 70,000 Episcopalians in 147 congregations, 40 schools and 20 institutions in Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara, and Ventura counties.

Public Support and Revenue – Donations, including unconditional promises to give (pledges), are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give are recorded when the conditions on which they depend are substantially met. Unconditional promises to give are recorded as verifiable documentation of a promise is received. Promises to give that are due in the next year are recorded as current at their net realizable value; those due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, discounted using low-risk interest rates applicable to the year in which the promise was received. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

A substantial number of volunteers donate significant amounts of their time to the Church's programs and other services. However, since no objective basis exists for measuring and valuing these services, they are not reflected in the accompanying financial statements.

Cash and Cash Equivalents – All highly liquid investments with initial maturities of three months or less are considered to be cash equivalents.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Investments – Investments are valued at fair value, with realized and unrealized gains and losses reflected in the statements of activities. The fair value of investments is generally based on quoted market value.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Land, Building and Equipment – Land, building and equipment is stated at cost; assets acquired by gift or bequest are stated at market value at the date of acquisition. It is the Church's policy to capitalize expenditures for these items in excess of $5,000. The Church does not provide for depreciation on its land, building and equipment.

Income Taxes – The Church is a nonprofit organization under Section 501(c)(3), and is not classified as a private foundation. Such organizations are not normally subject to income tax; therefore, no provision for income taxes is included in the statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Church believes that it has no uncertain tax positions that impact its financial statements.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.

Note 2 – Concentration of Credit Risk

The Church maintains its cash balances at various financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation or are backed by a federal or state government agency. At December 31, 2017, the Church's uninsured cash balances, as reported by the financial institutions, totaled $4,109,096.

Note 3 – Pledges Receivable

Unconditional promises to give (pledges) consist of the following:

	2017	2016
Receivable in less than one year	$ 3,742,000	$ 3,742,900
Receivable in one to five years	-	-
Thereafter	-	-
Total unconditional promises to give	3,742,000	3,742,900
Less discounts to net present value	-	-
Less allowance for uncollectible pledges	(3,739,431)	(3,728,738)
Net unconditional promises to give	$ 2,569	$ 14,162

The effective interest rate for the discount on receivables due in periods after one year is based on market interest rates in effect at the time of the pledge. The rate used in 2017 and 2016 was 1%. The pledges are restricted for renovations of existing buildings.

Note 4 – Investments

As of December 31, 2017 and 2016, investments consist of the following:

2017	Aggregate Fair Value	Cost
Money market funds	$ 56,226	$ 56,226
Pooled income funds	1,939,107	1,939,107
Community investment notes	10,000	10,000
Total	$ 2,005,333	$ 2,005,333

2016	Aggregate Fair Value	Cost
Money market funds	$ 92,578	$ 92,578
Pooled income funds	1,735,276	1,743,006
Community investment notes	10,000	10,000
Total	$ 1,837,854	$ 1,845,584

Investment returns are summarized as follows:

	2017	2016
Interest and dividends	$ 485	$ 4,116
Net realized and unrealized gains and losses	276,845	127,872
	$ 277,330	$ 131,988

Note 5 – Land, Building and Equipment

Land, building and equipment consist of the following:

	2017	2016
Land and buildings	$18,935,122	$18,740,086
Equipment	666,563	653,018
Construction in progress	34,839	89,045
	$19,636,524	$19,482,149

Note 6 – Line of Credit

The Church has a $500,000 line of credit agreement with City National Bank, due and payable November 11, 2018, with an interest rate of the bank's prime rate, plus 1.25%, secured by accounts receivable, land, building and improvements and securities. At December 31, 2017 and 2016, there was no outstanding balance. Subsequent to year end, the line of credit was renewed for an additional year.

Note 7 – Pension Plan

The Church has a defined contribution retirement plan covering all non-clergy employees with one or more years of service at the Church. The Church contributes 5% of each non-clergy employee's eligible salary, and makes matching contributions up to 4% of the non-clergy employees' eligible salary. The Church's contribution to the plan for the years ended December 31, 2017 and 2016 was $131,429 and $121,563 respectively.

The Church also pays into an Episcopal Church pension plan for the clergy members. The Church contributes 18% of each clergy member's salary, including social security and housing allowances.

Note 8 – Trust Income

In 1929, the Church was named as the sole beneficiary to the income from an inter-vivos charitable trust. The distributions received by the Church are restricted to the Webb fund used for the relief of orphans and the elderly.

Note 9 – Fair Value Measurements

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at December 31, 2017 are as follows:

2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market funds	$ 56,226	$ 56,226	$ -	$ -
Pooled income funds	1,939,107	-	-	1,939,107
Community note	10,000	10,000	-	-
Investments	$ 2,005,333	$ 66,226	$ -	$ 1,939,107

Fair values of assets measured on a recurring basis at December 31, 2016 are as follows:

2016	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market funds	$ 92,578	$ 92,578	$ -	$ -
Pooled income funds	1,735,276	-	-	1,735,276
Community notes	10,000	10,000	-	-
Investments	$ 1,837,854	$ 102,578	$ -	$ 1,735,276

Note 9 – Fair Value Measurements (continued)

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The table below presents information about the change in investments, which is measured at fair value on a recurring basis using significant unobservable inputs.

Balance at December 31, 2015	$ 113,452
Transfers	1,746,633
Distributions	(117,327)
Adjustments for change in valuation	(7,482)
Balance at December 31, 2016	$ 1,735,276
Transfers	-
Distributions	(72,955)
Adjustments for changes in valuation	276,786
Balance at December 31, 2017	$ 1,939,107

Promises to Give – Fair Value Election

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Institute elected that measure in accordance with SFAS No. 159, *The Fair Value Option of Financial Assets and Financial Liabilities*. Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of it financial statements than if those promises were measured using present value techniques and historical discount rates.

Management considers the relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness and incorporates this into a fair value measurement computation using present value techniques. The rate used in 2017 and 2016 was 1%. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution income.

The table below presents information about unconditional promises to give at December 31, 2017 and 2016.

	2017	**2016**
Promises Measured at Fair Value		
Promised cash flows	$ -	$ -
Carrying amount	-	-
Fair value estimate	-	-
Measurement basis	Level 3	Level 3
Contribution income	-	-
Total changes included in the statement of activities	$ (10,693)	$ (71,729)

Note 9 – Fair Value Measurements (continued)

	2017	2016
Promises Measured at Net Realizable Value		
Carrying amount	$ 2,569	$ 14,162
Total carrying amount for unconditional promises to give	2,569	14,162

The table below presents information about the changes in unconditional promises to give for the years ended December 31, 2017 and 2016:

	2017	2016
Beginning balance	$ 14,162	$ 86,791
Collections	(900)	(900)
Contribution revenue	-	-
Management and general (write-offs)	(10,693)	(71,729)
Ending balance	$ 2,569	$ 14,162

Note 10 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

Building campaign	$ 2,220,873
Projects	137,277
Donations restricted for the December 31, 2018 year	511,437
Investment returns on permanently restricted net assets Not yet appropriated for expenditure	173,306
Total Temporarily Restricted Net Assets	$ 3,042,893

Note 11 – Endowment

The Church's endowment consists of one fund established for general operations. Its endowment includes only donor-restricted funds. 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.

The Warden and Vestry of the Church has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Church in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance

Note 11 – Endowment (continued)

with SPMIFA, the Church considers 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 Church, and (7) the Church's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Church has adopted investment and spending policies, approved by the Vestry, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in money market funds, that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution equal to the lesser of 5% or the income generated by the underlying securities. The Church expects its endowment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Church has a policy of appropriating for distribution each year an amount equal to the lesser of 5% or the income generated by the endowment assets for the prior year-end. In establishing this policy, The Church considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Church's objective to maintain the purchasing power of the endowment assets.

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 173,306	$ 601,164	$ 774,470

Endowment net asset composition by type of fund as of December 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 120,225	$ 601,164	$ 721,389

Note 11 – Endowment (continued)

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, December 31, 2015	$ -	$ 107,110	$ 601,164	$ 750,001
Investment income	-	43,173	-	43,173
Amounts appropriated for expenditure	-	(30,058)	-	(30,058)
Endowment net assets, December 31, 2016	-	120,225	601,164	721,389
Investment income	-	83,139	-	83,139
Amounts appropriated for expenditure	-	(30,058)	-	(30,058)
Endowment net assets, December 31, 2017	$ -	$ 173,306	$ 601,164	$ 774,470

A description of the amounts classified as permanently restricted net assets are as follows:

Permanently Restricted Net Assets	
The portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or by SPMIFA	$ 601,164
Total Endowment Funds Classified as Permanently Restricted Net Assets	$ 601,164

Note 12 – Subsequent Events

Subsequent events were evaluated through October 2, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.