

**MOMS Orange County**

Financial Statements

Year ended June 30, 2017

(With Independent Auditors' Report Thereon)

MOMS Orange County  
Financial Statements  
Year ended June 30, 2017

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Board of Directors  
MOMS Orange County  
Santa Ana, California

## **Independent Auditors' Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MOMS Orange County (the "Organization"), which comprise the statement of financial position as of June 30, 2017 and the related statement of activities, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MOMS Orange County as of June 30, 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 MOMS Orange County 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which is has been derived.

*Davis Law LLP*

December 15, 2017  
Irvine, California

MOMS Orange County  
Statement of Financial Position  
As of June 30, 2017  
(With comparative data for 2016)

	2017	2016
<u>Assets</u>		
Cash and cash equivalents (note 2)	\$ 1,435,626	\$ 801,198
Investments (note 2)	8,796,416	5,478,391
Accounts receivable	118,784	66,428
Prepaid expenses	11,930	29,014
Property and equipment, net (note 3)	2,182,242	2,203,795
Other assets	6,971	-
Total assets	\$ 12,551,969	\$ 8,578,826
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 38,242	\$ 76,849
Accrued expenses and other liabilities	153,754	367,990
Total liabilities	191,996	444,839
Net assets (note 9):		
Unrestricted	9,356,719	7,971,746
Temporarily restricted	3,003,254	162,241
Total net assets	12,359,973	8,133,987
Total liabilities and net assets	\$ 12,551,969	\$ 8,578,826

See accompanying notes to the financial statements.

MOMS Orange County  
Statement of Activities  
Year Ended June 30, 2017  
(With comparative data for 2016)

	Unrestricted	Temporarily Restricted	2017	2016
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Support, revenues and gains:				
Contracts	\$ 4,824,149	2,821,936	7,646,085	5,011,757
Contributions	81,436	421,693	503,129	389,470
Special events, net	30,878	-	30,878	53,174
Rental income	24	-	24	3,822
Investment income, net	81,473	-	81,473	20,479
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Subtotal support, revenues and gains	5,017,960	3,243,629	8,261,589	5,478,702
Net assets released from restrictions (note 8)	402,616	(402,616)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total support, revenues and gains	5,420,576	2,841,013	8,261,589	5,478,702
Expenses:				
Program services	3,300,692	-	3,300,692	3,159,687
Supporting services:				
Adminstration	424,046	-	424,046	308,537
Fund development	310,865	-	310,865	424,236
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	4,035,603	-	4,035,603	3,892,460
Changes in net assets	1,384,973	2,841,013	4,225,986	1,586,242
Net assets at beginning of year	7,971,746	162,241	8,133,987	6,547,745
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net assets at end of year	\$ 9,356,719	3,003,254	12,359,973	8,133,987
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

See accompanying notes to the financial statements.

MOMS Orange County  
Statement of Functional Expenses  
Year Ended June 30, 2017  
(With comparative data for 2016)

	<u>Supporting Services</u>			Total Supporting Services	2017	2016
	Program Services	Administration	Fund Development			
Salaries	\$ 2,366,961	339,363	232,948	572,311	2,939,272	2,884,316
Benefits and insurance	393,926	53,364	29,939	83,303	477,229	452,585
Depreciation	26,521	2,619	3,602	6,221	32,742	31,011
License, permits and fees	3,594	482	307	789	4,383	3,679
Professional fees	171,131	7,468	17,071	24,539	195,670	171,271
Buildings and grounds	76,305	7,536	10,362	17,898	94,203	51,434
Supplies	22,671	1,655	2,402	4,057	26,728	27,263
Postage and printing	11,310	334	1,340	1,674	12,984	1,792
Utilities	39,470	3,137	4,473	7,610	47,080	43,384
Computer support	32,719	2,762	4,327	7,089	39,808	36,196
Training and travel	91,772	3,347	1,002	4,349	96,121	100,613
Program specific expenses	35,444	-	-	-	35,444	35,748
Marketing and public relations	13,136	425	956	1,381	14,517	36,478
Insurance expense	15,732	1,554	2,136	3,690	19,422	16,690
<b>Total functional expenses</b>	<b>\$ 3,300,692</b>	<b>424,046</b>	<b>310,865</b>	<b>734,911</b>	<b>4,035,603</b>	<b>3,892,460</b>

See accompanying notes to the financial statements.

MOMS Orange County  
Statement of Cash Flows  
Year Ended June 30, 2017  
(With comparative data for 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ <u>4,225,986</u>	<u>1,586,242</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	32,742	31,011
Unrealized (gain)/loss on investments	(29,034)	(8,708)
(Increase) decrease in accounts receivable	(52,356)	39,099
(Increase) decrease in prepaid expenses and other assets	10,113	1,009
Increase (decrease) in accounts payable	(38,607)	33,273
Increase (decrease) in accrued expenses and other liabilities	<u>(214,236)</u>	<u>115,527</u>
Total adjustments	<u>(291,378)</u>	<u>211,211</u>
Net cash (used for) provided by operating activities	<u>3,934,608</u>	<u>1,797,453</u>
Cash flows from investing activities:		
Purchase of investments	(6,777,992)	(5,420,527)
Sale of investments	3,489,000	3,250,490
Acquisition of property and equipment	<u>(11,188)</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>(3,300,180)</u>	<u>(2,170,037)</u>
Net increase (decrease) in cash and cash equivalents	634,428	(372,584)
Cash and cash equivalents at beginning of year	<u>801,198</u>	<u>1,173,782</u>
Cash and cash equivalents at end of year	<u>\$ 1,435,626</u>	<u>801,198</u>

During the years ended June 30, 2017 and 2016, there were no significant noncash investing or financing activities.

See accompanying notes to the financial statements.



MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(1) Summary of Significant Accounting Policies

(a) Organization and Background

Founded in 1992, MOMS Orange County grew out of a public-private partnership created to help solve a severe prenatal care crisis in Orange County. The mission of MOMS Orange County is to help mothers and their families have healthy babies by providing health coordination, education, and access to community services. MOMS Orange County is a uniquely qualified organization that provides access to prenatal care, health screenings, infant development screenings, health education and referral services through monthly home visits and group classes.

The health of the community has improved because MOMS Orange County provides mothers with access to prenatal care, babies are born healthy and reach their developmental milestones on time, and fathers are prepared for a positive role in the family. MOMS Orange County has demonstrated through rigorous outside evaluation that its program is not only sound, but is bringing children in a highly disadvantaged population to health and developmental levels that exceed those set by the general population.

MOMS Orange County serves more than 3,300 low-income families annually and has been recognized by the Children & Families Commission of Orange County, the Orange County Health Care Agency, the California Department of Health Services, and the United States Congress for its innovative work in the community and impact on the health of women and babies in Orange County. MOMS Orange County functions as a private sector 501(c)(3) nonprofit organization.

(b) Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets are categorized as unrestricted, temporarily restricted, or permanently restricted, a description of which is as follows:

Unrestricted net assets

Unrestricted net assets are net assets such as contributions, special events, fees and other forms of unrestricted revenue and expenditures related to the general operations and special events efforts of the organization that are not subject to donor-imposed restrictions.

Temporarily restricted net assets

Temporarily restricted net assets are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting, (Continued)

Permanently restricted net assets

Permanently restricted net assets are utilized to record resources received that are permanently restricted as to use by the donor or grantor. MOMS Orange County has no permanently restricted net assets at this time.

(c) Accounting Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amount of assets, liabilities, revenues, and expenses, as well as any contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of financial statements.

(d) Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. MOMS Orange County Federal Return of Organization Exempt from Income Tax (Form 990) for the last three fiscal years are subject to IRS examination. As of the date of this report, MOMS Orange County's return covering the fiscal year ended June 30, 2017 has not yet been filed.

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of ninety days or less to be cash equivalents.

(f) Revenue, Contributions and Restrictions

The Organization receives significant revenue in the form of governmental contracts and grants. Revenue is recognized when earned. Rental income and interest income are recognized when earned.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants and contracts.

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(f) Revenue, Contributions and Restrictions, (Continued)

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same year as the receipt of the contribution are reported as unrestricted support.

Revenue is generally recognized upon the earlier receipt of either a cash remittance or pledge. A pledge is defined as a donor's written, unconditional promise to give. Pledges are recorded as revenue and accounts receivable in accordance with accounting principles generally accepted in the United States of America. Conditional promises to give are not recorded in the financial statements until the condition on which it depends is substantially met. Unconditional promises to give, which are the multi-year sponsorship contracts, are recorded based on their estimated future cash flows, with a corresponding discount to reduce the expected cash flows to net present value.

(g) Financial Statement Presentation

MOMS Orange County also follows the financial statement presentation recommended by the Financial Accounting Standards Board, *Financial Statements of Not-for-Profit Organizations*. MOMS Orange County is 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.

(h) Fair Value Measurements

MOMS Orange County reports required types of financial instruments in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, MOMS Orange County reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(h) Fair Value Measurements, (Continued)

Fair value measurement standards also require MOMS Orange County to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.
- Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes principal expedient investments with notice periods for redemption of more than 90 days.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

(i) Property and Equipment

Fixed assets in excess of \$5,000 are capitalized at cost. Property and equipment accounts are stated at cost less accumulated depreciation. Betterments and major improvements are added to the respective asset's cost while ordinary repairs that do not extend useful lives are expensed as incurred. When an asset is sold or otherwise disposed of, the cost of the asset and the related accumulated

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(i) Property and Equipment, (Continued)

depreciation is removed from the accounts and any resulting gain or loss is included in the statement of activities.

Depreciation and amortization of property and equipment are provided on the straight-line method over the estimated useful lives ranging from three to thirty-nine years.

(j) Grants and Contracts Receivable

Grants and contracts receivable are the amounts due from grantors and funding agencies that were not received as of June 30, 2017. No allowance for uncollectible accounts has been provided since management believes all receivables are collectible. The Organization receives grant funding from the County of Orange for the Targeted Case Management program based on services provided. However, the amount paid for those services is not known or approved by the County until future years. A receivable is not included in the accompanying financial statements because the amount of the funding cannot be estimated.

(k) Donated Services and Materials

Donated materials and other noncash contributions are recorded at their estimated fair value at date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis of deriving their value. MOMS Orange County received donated services from a number of volunteers who donated their time to the Organization's program and fundraising activities. All volunteer services of MOMS Orange County did not meet the above criteria.

(l) Comparative Data

The amounts shown for the year ended June 30, 2016 in the accompanying financial statements are included to provide a basis for comparison with 2016 and present summarized totals only. Accordingly, the 2016 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(m) Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated between the program and supporting services benefited.

(n) Subsequent Events

In accordance with ASC 855, subsequent events have been evaluated by management of the Organization through December 15, 2017 which is the date the financial statements were available to be issued.

(2) Cash, Cash Equivalents and Investments

Cash and investments held by the Organization are reported in the accompanying financial statements as follows at June 30, 2017:

Cash and cash equivalents	\$ 1,435,626
Investments	<u>8,796,416</u>
Total cash and investments	<u>\$ 10,232,042</u>

At June 30, 2017, MOMS Orange County had funds in excess of federally-insured limits in the amount of \$702,287.

Investment income consists of the following for the year ended June 30, 2017:

Interest and dividend income	\$ 59,345
Net unrealized gains (losses)	28,564
Less: management fees	<u>(6,436)</u>
Investment income (loss), net	<u>\$ 81,473</u>

Fair values of assets measured on a recurring basis at June 30, 2017 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Fund (OCCF)	\$ -	-	396,510	396,510
Certificates of Deposit	<u>-</u>	<u>8,399,906</u>	<u>-</u>	<u>8,399,906</u>
Total	<u>\$ -</u>	<u>8,399,906</u>	<u>396,510</u>	<u>8,796,416</u>

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(2) Cash, Cash Equivalents and Investments, (Continued)

The Organization entered into an agreement with Orange County Community Foundation to hold, manage, invest and reinvest funds on behalf of MOMS.

The table below presents information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

Fair value at the beginning of the year, 7/1/2016	\$	324,674
Contributions		36,000
Interest and dividends		2,473
Investment fees		(6,436)
Change in fair value		<u>39,799</u>
Fair Value at the end of the year, 6/30/2017	\$	<u>396,510</u>

(3) Property and Equipment

Property and equipment consist of the following at June 30, 2017:

Land	\$	1,425,000
Buildings		677,538
Building Improvements		320,526
Furniture and Fixtures		85,533
Office Equipment		<u>107,659</u>
Total Property and Equipment		2,616,256
Less: Accumulated depreciation		<u>(434,014)</u>
Total	\$	<u>2,182,242</u>

Depreciation expense amounted to \$32,742 for the year ended June 30, 2017.

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(4) Lease Commitments

The Organization leases office equipment under various non-cancellable leases with payments ranging from \$68 to \$2,095 per month. The leases expire in June 2018 and January 2022. Lease expense was \$27,696 for year ended June 30, 2017.

Future minimum lease payments required by the lease obligation are as follows:

<u>Year ending June 30</u>	<u>Payment</u>
2018	\$ 25,971
2019	25,140
2020	25,140
2021	25,140
2022	<u>20,950</u>
Total payments	<u>\$ 122,341</u>

(5) Concentrations of Revenue Risk

Grants require the fulfillment of certain conditions as set forth in the agreement. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote and has determined by accepting the grants and their terms that the Organization's objectives satisfy the provisions of the grants.

(6) Retirement Plan

The Organization has an Internal Revenue Code 403(b) retirement plan for all eligible employees. All employees are eligible to participate in the plan. Generally, employees can defer a portion of their salary into the plan, not to exceed Federal and State limitations. During fiscal year ended June 30, 2017, the Board of Directors approved a 3 percent matching contribution for eligible employees. For fiscal year ending June 30, 2017, the Organization's deferred compensation expense was \$0.

(7) Endowment Composition and Changes in Endowment Net Assets

General Board Policy on Administration of Endowment Funds

The Board of Directors of MOMS Orange County has interpreted the California Uniform Prudent Management of Institutional Funds Acts (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment and the maintenance of the original purchasing power of donor-directed gifts and board-directed contributions over time, while safeguarding funds during market fluctuations and providing stability and liquidity for annual distributions. As a result of this interpretation, donor-directed gifts are classified as permanently restricted net assets; however, restrictions on the use of permanently endowed funds are not accepted.



MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(7) Endowment Composition and Changes in Endowment Net Assets, (Continued)

Investment Policy for Endowment Funds

MOMS Orange County has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to program supported by its endowment assets 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 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 the Orange County Community Foundation. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Return Objectives and Risk Parameter

The primary investment objective of MOMS Orange County is to obtain a return (income and capital appreciation), over time, that will provide funding for MOMS Orange County programs and activities, with due consideration for the preservation of capital. Long-term growth is more important than short-term results.

Return Objectives and Risk Parameter, (Continued)

The return objective for MOMS Orange County, measured over a full market cycle of 5-7 years shall be the return of a custom index made up of 17% Russell 1000 Value Index, 15% Russel 1000 Growth Index, 8% Russell 2000 Value Index, 20% MSCI EAFE Before Tax Index 5%, MSCI Emerging Markets Index, 5% NCRIF Property Index, 5% S&P 500, 22% Barclays Capital Aggregate (formerly Lehman Brothers Aggregate Bond Index) and 3% 90-day Treasury Bills.

Risk shall be carefully controlled by investing in broadly diversified investment strategies and by investing in several different asset classes (such as large cap growth and value equities, small cap value equities, international equities, emerging markets, fixed income instruments, real estate, private equity and cash equivalents). It is expected that the level of risk as measured by the annualized standard deviation of quarterly returns shall be less than that of the custom index made up of the indexes referred to above.

Spending Policy for Endowment Funds

The payout policy of endowment funds is approved annually by the Board of Governors of the Orange County Community Foundation. The payout rate is 5%, based on the 12 quarter rolling average. Disbursements from principal of endowed funds will be allowed. In establishing this policy, MOMS Orange County has considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, and the possible effects of inflation. The policy is consistent with MOMS Orange County objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017

(Continued)

(7) Endowment Composition and Changes in Endowment Net Assets, (Continued)

Endowment Net Assets Composition by Type of Fund

	<u>Unrestricted</u>
Board designated endowment funds	\$ <u>396,510</u>

Changes in the Endowment balance for the year ended June 30, 2017 was as follows:

	<u>Unrestricted</u>
Endowment net assets at July 1, 2016	\$ 324,674
Contributions	36,000
Investment earnings	2,473
Unrealized gain	39,799
Investment fees	<u>(6,436)</u>
Endowment net assets at June 30, 2017	<u>\$ 396,510</u>

(8) Net Assets Released from Restrictions

Expiration of program restrictions:	
Maternal child health coordination	\$ 367,783
Health education	<u>34,832</u>
Total net assets released from restriction	<u>\$ 402,616</u>

MOMS Orange County  
Notes to Financial Statements  
Year ended June 30, 2017  
(Continued)

(9) Net Assets

Net assets consisted of the following at June 30, 2017:

Unrestricted net assets:	
Investment in property and equipment	\$ 2,182,242
Board designated endowment	396,510
Undesignated, available for operations	<u>6,777,967</u>
Total unrestricted net assets	<u>9,356,719</u>
Temporarily restricted net assets:	
Program restrictions:	
Maternal child health coordination	138,458
Pregnancy & Diabetes Program	37,860
Other	5,000
Time restriction: CalOptima IGT (note 11)	<u>2,821,936</u>
Total temporarily restricted net assets	<u>3,003,254</u>
Total net assets	<u>\$12,359,973</u>

(10) Related Party

MOMS Orange County has two accounts with Union Bank at year ended June 30, 2017. A current Board member is also currently an employee of Union Bank. However, the Board member abstains from decisions made concerning matters that would be a conflict of interest.

(11) IGT Funding

MOMS Orange County received IGT Funding during FY17 totaling \$2,821,936. The purpose of this funding is to offset the uncompensated care for Medi-Cal beneficiaries provided by the organization. The funding is for the time period July 1, 2017 to June 30, 2021. Accordingly, the funds have been added to the Investment bank accounts and labeled as temporarily restricted with an annual restriction release not to exceed \$705,484.