Interlochen Center for the Arts

Financial Statements
(and supplementary information)
Years Ended May 31, 2017 and 2016

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Interlochen Center for the Arts

Contents

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Independent Auditor's Report

Board of Trustees
Interlochen Center for the Arts
Interlochen, Michigan

We have audited the accompanying financial statements of Interlochen Center for the Arts, which comprise the statements of financial position as of May 31, 2017 and 2016, the related statements of activities and changes in net assets, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interlochen Center for the Arts as of May 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

July 14, 2017

Financial Statements

Interlochen Center for the Arts

Statements of Financial Position

May 31,		**2017**		2016
Assets				
Cash and cash equivalents	**$**	**13,397,253**	$	10,732,957
Investments (Notes 2 and 11)		**128,040,508**		113,327,402
Accounts receivable, net of allowance of approximately $2,581,000 in 2017 and $2,146,000 in 2016		**166,668**		146,930
Gifts receivable, net (Note 3)		**9,558,983**		9,442,634
Prepaid expenses and other receivables		**812,620**		657,964
Inventories		**1,033,204**		1,087,296
Land, buildings and equipment, net (Note 4)		**48,980,778**		44,400,518
Other assets		**1,422,593**		1,355,043
Total Assets	**$**	**203,412,607**	$	181,150,744
Liabilities and Net Assets				
Liabilities				
Accounts payable - trade	**$**	**816,350**	$	732,102
Accrued liabilities		**4,243,317**		5,299,487
Tuition deposits and other		**12,115,758**		12,404,771
Annuities payable (Note 9)		**698,870**		732,923
Bonds payable, net of debt issuance costs of $182,146 in 2017 and $192,861 in 2016 (Note 5)		**25,217,854**		25,207,139
Total Liabilities		**43,092,149**		44,376,422
Net Assets				
Unrestricted		**98,258,788**		82,657,332
Temporarily restricted		**30,951,692**		26,320,452
Permanently restricted		**31,109,978**		27,796,538
Total Net Assets		**160,320,458**		136,774,322
Total Liabilities and Net Assets	**$**	**203,412,607**	$	181,150,744

See accompanying independent auditor's report and notes to financial statements.

Interlochen Center for the Arts

Statements of Activities and Changes in Net Assets

	2017				2016			
Year ended May 31,	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Additions								
Gross tuition and student fees	**$ 42,605,941**	**$ -**	**$ -**	**$ 42,605,941**	$ 42,308,972	$ -	$ -	$ 42,308,972
Assets released from restrictions:								
Operating item:								
Financial aid	**3,224,308**	**(3,224,308)**	**-**	**-**	3,271,709	(3,271,709)	-	-
Less financial aid grants	**(12,456,963)**	**-**	**-**	**(12,456,963)**	(12,082,728)	-	-	(12,082,728)
Net tuition and student fees	**33,373,286**	**(3,224,308)**	**-**	**30,148,978**	33,497,953	(3,271,709)	-	30,226,244
Ticket sales	**2,485,871**	**-**	**-**	**2,485,871**	2,548,948	-	-	2,548,948
Lodging	**1,466,416**	**-**	**-**	**1,466,416**	1,399,722	-	-	1,399,722
Retail sales	**1,989,716**	**-**	**-**	**1,989,716**	2,078,877	-	-	2,078,877
Contributions and grants	**4,913,599**	**8,279,615**	**3,313,440**	**16,506,654**	1,484,569	7,808,047	818,625	10,111,241
Net gain (loss) on investments, net of fees of $219,000 in 2017 and $210,000 in 2016 (Note 2)	**9,185,231**	**5,415,008**	**-**	**14,600,239**	(2,109,285)	(1,128,108)	-	(3,237,393)
Assets released from restrictions:								
Operating item:								
Cost of operations and general and administrative	**843,776**	**(843,776)**	**-**	**-**	935,559	(935,559)	-	-
Other revenues	**1,003,045**	**3,841**	**-**	**1,006,886**	724,809	4,647	-	729,456
Total revenues and other additions	**55,260,940**	**9,630,380**	**3,313,440**	**68,204,760**	40,561,152	2,477,318	818,625	43,857,095
Cost of Goods and Services								
Artist fees	**1,547,346**	**-**	**-**	**1,547,346**	1,311,151	-	-	1,311,151
Cost of goods sold	**989,939**	**-**	**-**	**989,939**	1,000,139	-	-	1,000,139
Total cost of goods and services	**2,537,285**	**-**	**-**	**2,537,285**	2,311,290	-	-	2,311,290
Cost of Operations								
Salaries, wages and benefits	**27,971,100**	**-**	**-**	**27,971,100**	27,391,081	-	-	27,391,081
Food costs	**1,421,448**	**-**	**-**	**1,421,448**	1,342,424	-	-	1,342,424
Contracted services	**1,082,023**	**-**	**-**	**1,082,023**	1,121,730	-	-	1,121,730
Supplies	**2,617,423**	**-**	**-**	**2,617,423**	2,824,639	-	-	2,824,639
Repairs and maintenance	**942,672**	**-**	**-**	**942,672**	1,112,951	-	-	1,112,951
Lease and rental	**432,849**	**-**	**-**	**432,849**	346,714	-	-	346,714
Utilities	**882,216**	**-**	**-**	**882,216**	841,723	-	-	841,723
Insurance	**311,404**	**-**	**-**	**311,404**	327,063	-	-	327,063
Telephone and postage	**593,536**	**-**	**-**	**593,536**	421,092	-	-	421,092
Other operational	**283,612**	**-**	**-**	**283,612**	225,131	-	-	225,131
Total cost of operations	**36,538,283**	**-**	**-**	**36,538,283**	35,954,548	-	-	35,954,548

Interlochen Center for the Arts

Statements of Activities and Changes in Net Assets

	2017				2016			
Year ended May 31,	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General and Administrative								
Marketing	**$ 805,166**	**$ -**	**$ -**	**$ 805,166**	$ 772,123	$ -	$ -	$ 772,123
Travel and entertainment	**1,170,139**	**-**	**-**	**1,170,139**	1,103,167	-	-	1,103,167
Professional services	**1,047,427**	**-**	**-**	**1,047,427**	1,060,303	-	-	1,060,303
Other	**733,613**	**-**	**-**	**733,613**	643,367	-	-	643,367
Total general and administrative	**3,756,345**	**-**	**-**	**3,756,345**	3,578,960	-	-	3,578,960
Total expenses before depreciation (Note 7)	**42,831,913**	**-**	**-**	**42,831,913**	41,844,798	-	-	41,844,798
Increase (decrease) in net assets before depreciation and non-operating items	**12,429,027**	**9,630,380**	**3,313,440**	**25,372,847**	(1,283,646)	2,477,318	818,625	2,012,297
Depreciation Expense (Note 7)	**1,826,711**	**-**	**-**	**1,826,711**	1,761,222	-	-	1,761,222
Assets Released From Restrictions/Transfers								
Non-operating items:								
Capital and other	**4,999,140**	**(4,999,140)**	**-**	**-**	3,090,183	(3,090,183)	-	-
Net Increase (Decrease) in Net Assets	**15,601,456**	**4,631,240**	**3,313,440**	**23,546,136**	45,315	(612,865)	818,625	251,075
Net Assets, beginning of year	**82,657,332**	**26,320,452**	**27,796,538**	**136,774,322**	82,612,017	26,933,317	26,977,913	136,523,247
Net Assets, end of year	**$ 98,258,788**	**$ 30,951,692**	**$ 31,109,978**	**$ 160,320,458**	$ 82,657,332	$ 26,320,452	$ 27,796,538	$ 136,774,322

See accompanying independent auditor's report and notes to financial statements.

Interlochen Center for the Arts

Statements of Cash Flows

Year ended May 31,	**2017**	2016
Cash Flows From (for) Operating Activities		
Net increase in net assets	**$ 23,546,136**	$ 251,075
Adjustments to reconcile net increase in net assets to net cash from operating activities:		
Depreciation and amortization	**1,837,426**	1,771,937
Net change in realized and unrealized (gain) loss on investments	**(11,205,889)**	5,935,011
Bad debt expense	**435,700**	369,936
Increase in gifts and accounts receivable	**(571,787)**	(2,381,642)
Decrease (increase) in inventories	**54,092**	(99,797)
Increase in prepaid expenses and other receivables	**(154,656)**	(181,600)
Increase in other assets	**(67,550)**	(16,729)
Increase in accounts payable - trade	**84,248**	14,163
(Decrease) increase in accrued liabilities	**(1,056,170)**	1,433,988
Decrease in tuition deposits and other	**(289,013)**	(228,178)
Restricted contributions	**(3,313,440)**	(818,625)
Net cash from operating activities	**9,299,097**	6,049,539
Cash Flows From (for) Investing Activities		
Purchases of property and equipment	**(6,406,971)**	(6,559,970)
Purchases of investments	**(17,284,159)**	(41,081,945)
Proceeds from sale of investments	**13,776,942**	38,823,741
Net cash for investing activities	**(9,914,188)**	(8,818,174)
Cash Flows From (for) Financing Activities		
Proceeds from restricted contributions	**3,313,440**	818,625
Payments on bonds payable	**-**	(900,000)
Proceeds from contributions of annuity agreements	**82,823**	84,644
Payments on annuity agreements	**(116,876)**	(116,274)
Net cash from (for) financing activities	**3,279,387**	(113,005)
Net Increase (Decrease) in Cash and Cash Equivalents	**2,664,296**	(2,881,640)
Cash and Cash Equivalents, beginning of year	**10,732,957**	13,614,597
Cash and Cash Equivalents, end of year	**$ 13,397,253**	$ 10,732,957
Supplemental Disclosure of Cash Flow Information		
Interest paid during the year	**$ 142,564**	$ 17,000

See accompanying independent auditor's report and notes to financial statements.

1. Nature of Organization and Significant Accounting Policies

Organization and Purpose

Interlochen Center for the Arts (the Center) is a nonprofit organization which operates a summer arts education camp with enrollment of approximately 2,500 students, a co-educational boarding school with enrollment of approximately 500 students, and two 24-hour listener-supported public radio stations (classic music and news). Instruction is geared for the advancement of dance, music, visual arts, theatre, motion picture arts, comparative arts and creative writing.

On January 23, 2009, the Canada Revenue Agency approved the registration of Canadian Friends of Interlochen (CFI) as a tax-exempt, registered charity under paragraph 149(1)(f) of the Canadian Income Tax Act. The purpose of CFI is to advance education by enhancing the learning experience of the students attending the Center by providing scholarships and awards. CFI's fiscal year-end is May 31. During the fiscal years ended May 31, 2017 and 2016, CFI's activity was insignificant. CFI had total assets of C$146,014 and C$155,349 as of May 31, 2017 and 2016, respectively. CFI had total net assets of C$20,209 and C$24,549 as of May 31, 2017 and 2016, respectively. CFI has not been consolidated with the Center for the Center's financial statements as of and for the years ended May 31, 2017 and 2016.

Basis of Presentation

The Center prepares its financial statements on the accrual basis of accounting and in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

Net Asset Classifications

Unrestricted Net Assets: Unrestricted net assets are used to account for transactions related to the fine arts and academic programs as determined by the Board of Trustees and carried out by the administration.

Temporarily Restricted Net Assets: Temporarily restricted net assets are used to account for transactions related to scholarships, donor-restricted contributions related to fine arts and academic programs, income from endowment contributions which can only be expended as stipulated by the donor, and contributions and grants that are unexpended related to land, building and equipment.

Permanently Restricted Net Assets: Endowment funds result from contributed assets which have donor-imposed restrictions which do not expire. The principal of these funds is permanently maintained.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market funds, and short-term investments with original maturities of three months or less.

Concentration of Credit Risk Arising From Deposit Accounts

The Center maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Additionally, the Center maintains a money market mutual fund account that is insured by the Securities Investors Protection Corporation (SIPC) up to $500,000. In addition to the SIPC limit, the money market mutual fund account is insured by other insurers. The Center evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Investments

The Center records all investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. Gains or losses on investments are reported in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Alternative investments that do not have readily determinable market values as of May 31 are valued by the fund managers. Because of the inherent uncertainty of valuations in the absence of a highly liquid market, alternative investments' estimated values may differ materially from the values that would have been used if a ready market for the securities existed.

Accounts Receivable

The Center records accounts receivable at net estimated collectible value. Management reviews all the individual student accounts receivable as of May 31, and establishes an allowance for doubtful accounts based on specific assessments of each account as necessary. All amounts deemed uncollectible are charged against income for that school year.

Inventories

Inventories of maintenance and operating supplies and merchandise are stated on the basis of the lower of cost (first-in, first-out method) or market.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or, if donated, at market value at the date of donation and, excluding land, are depreciated over their estimated useful lives using the straight-line depreciation method. Estimated useful lives used for depreciation are 20 years for land improvements, 20–45 years for buildings, and 3–20 years for furniture and equipment. Costs of construction in progress are transferred to the applicable property and equipment category once the construction is complete.

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Other Assets

Other assets include broadcasting licenses for three FM stations as follows:

May 31,		**2017**		2016
Broadcasting License				
88.5 MHz - Mackinaw City, Michigan	**$**	**496,600**	$	496,600
89.7 MHz - Manistee, Michigan		**215,065**		215,065
90.1 MHz - Harbor Springs, Michigan		**282,513**		282,513
Total Broadcasting Licenses	**$**	**994,178**	$	994,178

In accordance with accounting standards for goodwill and other intangible assets, the broadcasting licenses have an indefinite useful life. The Center tests the broadcasting licenses for impairment annually, or more frequently if events or changes in circumstances indicate a possibility of impairment.

Tuition Deposits and Other

All tuition deposits relating to the summer arts and education camp that will occur after year-end were deferred at May 31, 2017 and 2016.

Contributions, and Grants and Gifts Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily 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 as unrestricted net assets and reported in the statements of activities and changes in the net assets as net assets released from restrictions. Unrestricted contributions and donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Revenue Recognition

Tuition and student fees and other revenue are recognized ratably over the applicable enrollment period or as earned.

Income Tax Status

The Center is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Center is subject to unrelated business income tax (UBIT). Annually, the Center pays an insignificant amount of UBIT. The Center believes it is no longer subject to examinations prior to June 1, 2011.

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.

Self-Insurance

The Center is self-insured for medical benefits up to certain limits, as provided in the agreements with its insurance carrier. Operations are charged with the cost of claims reported. A provision has been made for estimated claims incurred but not reported.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 14, 2017, the date the financial statements were available to be issued.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, to improve the presentation of financial statements of not-for-profit entities such as charities, foundations, universities and nonprofit health care providers. The changes to the nonprofit financial statement model are intended to provide more useful information to donors, grantors and other users. The ASU addresses net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows and includes illustrative financial statements for not-for-profit entities reflecting the changes made by the new standard. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and early adoption is permitted. The Center is currently evaluating the effect the provisions of ASU 2016-14 will have on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is currently effective for annual periods beginning after December 15, 2017, and early adoption is permitted. In addition, the new standard is effective for interim periods within annual periods that begin after December 15, 2018. The Center is currently evaluating the impact of the adoption of ASU 2014-09 on its financial statements.

2. Investments

A summary of investments at fair value, based on quoted market prices or current estimated fair value if considered a non-marketable security, held by the Center as of May 31, 2017 and 2016 is as follows:

	2017	2016
Mutual funds		
Fixed income	**$ 27,918,272**	$ 18,253,236
Equity securities	**77,542,863**	72,702,914
Real estate	**6,968,381**	6,881,413
Commodities	**30,031**	30,279
Money market	**216,466**	936,732
Asset allocation	**9,341,769**	8,735,332
Private equity	**6,022,726**	5,787,496
Total Investments	**$ 128,040,508**	$ 113,327,402

Net gain on investments of $14,600,239 in 2017 represents $3,394,350 of interest and dividends, $1,189,968 of net realized gain on investments, and $10,015,921 of net unrealized gains on investments.

Net loss on investments of $3,237,393 in 2016 represents $2,697,618 of interest and dividends, $728,842 of net realized loss on investments, and $5,206,169 of net unrealized losses on investments.

The Center invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

3. Gifts Receivable

The Center has received unconditional gifts from donors to make contributions to the Center. The contributions as of May 31, 2017 and 2016 are to be received as follows:

	2017	2016
Receivable in less than one year	**$ 3,259,040**	$ 3,103,652
Receivable in one to five years	**5,763,892**	5,818,536
Receivable in more than five years	**536,051**	533,551
Less present value discount	**-**	(13,105)
Gifts Receivable, net	**$ 9,558,983**	$ 9,442,634

The Center had no allowance for uncollectible gifts receivable as of May 31, 2017 and 2016. The Center calculated the present value of future cash flows using the applicable U.S. Treasury Rate at the time the gift receivable was recorded.

The Center has received conditional gifts from donors to make contributions to the Center, primarily bequests, totaling approximately $66,000,000.

4. Land, Buildings and Equipment

Land, buildings and equipment as of May 31, 2017 and 2016 are summarized by major classification as follows:

	2017	2016
Land	$ 479,781	$ 479,781
Land improvements	4,511,953	4,212,472
Buildings	66,157,439	58,642,217
Furniture and equipment	22,761,460	22,202,116
Construction in progress (estimated cost to complete of approximately $33,000,000)	2,192,624	4,159,700
	96,103,257	89,696,286
Less accumulated depreciation	(47,122,479)	(45,295,768)
Land, Buildings and Equipment, net	$ 48,980,778	$ 44,400,518

5. Bonds Payable

Bonds payable at May 31, 2017 and 2016 consist of the following:

	2017	2016
Tax-exempt, Economic Development Bonds issued through the Township of Green Lake, Michigan; interest at a variable rate (between 0.25% and 0.95% during fiscal 2017) with the entire principal due at final maturity in June 2034.	$ 25,400,000	$ 25,400,000

Under the terms of the Center's Variable Rate Demand Revenue and Revenue Refunding Bonds, Series 2004 (the Series 2004 Bonds) agreement, the Center must maintain an irrevocable letter of credit to secure the payment of the principal amount of the bonds, plus 35 days' accrued interest thereon. The existing letter of credit, in the amount of $25,643,562 (outstanding principal plus 35 days' interest at 10%), expires in August 2019. The agreement contains certain financial covenants, an asset maintenance ratio and debt service coverage ratio, with which the Center was in compliance at May 31, 2017.

Under the terms of the indenture and related agreements, bondholders have the option to redeem or put the bonds when the interest rate is reset daily. If the remarketing agent cannot remarket the bonds, the trustee would draw on the letter of credit to pay those bondholders exercising their option. The Center is required to repay the interest on the amount drawn under the letter of credit monthly at the agent's prime rate, an effective rate of 4.00% at May 31, 2017. The principal amount drawn on the letter of credit is due within 180 days.

Due to the remarketing agreement, it is possible, but not expected, that all of the outstanding debt would be current if these bonds are not able to be remarketed.

The Center has a line of credit that expires in September 2018. As of May 31, 2017 and 2016, the Center had no outstanding balance on the line of credit. The Center has two options for the interest rate on the line of credit. At the time the line is drawn upon, the Center's management may select the London Interbank Offered Rate (LIBOR) for a term of thirty, sixty, or ninety days plus one hundred basis points or the base rate plus one hundred basis points. The base rate is the greatest of the prime rate, federal funds rate plus fifty basis points and LIBOR plus one hundred basis points.

Bonds payable includes deferred financing costs of $182,146 and $192,861 as of May 31, 2017 and 2016, respectively, which are being straight-line amortized over the life of the Series 2004 Bonds. Interest expense was $10,715 for the years ended May 31, 2017 and 2016.

6. Retirement Plan

The Center has a defined contribution retirement plan for all eligible employees. Employer contributions are based upon a percentage of employee compensation for the year, and costs accrued under the plan are funded to a trust on a current basis. Expenses under the plan for the years ended May 31, 2017 and 2016 were $1,671,478 and $1,563,466, respectively, net of forfeitures.

7. Functional Expenses

The Center's department classification is the basis for allocating costs among the functional classifications. The method used is considered reasonable; however, other methods could produce different results.

Expenses incurred in functional areas for the years ended May 31, 2017 and 2016 include allocations of certain common expenses and are as follows:

	2017	2016
Program Expenses		
Education programs and services	**$ 15,781,425**	$ 15,609,453
Media, presentation and regional program	**4,628,759**	4,528,110
Human and institutional resources	**11,409,374**	11,476,489
Finance and institutional effectiveness	**3,173,347**	3,180,406
Total program expenses	**34,992,905**	34,794,458
Support Services		
Fundraising	**2,162,917**	1,896,790
Administration	**7,502,802**	6,914,772
Total support services	**9,665,719**	8,811,562
Total Functional Expenses	**$ 44,658,624**	$ 43,606,020

8. Contingencies

From time to time, the Center is party to various lawsuits and claims arising out of the normal conduct of its business. In the opinion of management, the financial position of the Center will not be materially affected by the final outcome of these legal proceedings.

9. Annuities Payable

The Center sponsors a program in which donors may transfer assets to the Center for the right to receive a predetermined return during their lifetimes (an annuity). Based upon the terms of each annuity agreement, the Center determines its liability under the agreement using the estimated present value of future payments to the annuitant. Such future payments are determined utilizing the life expectancy of the annuitant (based on 90CM Table for Males & Females) and the interest rate (discount rate), the applicable federal mid-term rate for U.S. Treasury Bills in effect (2.45% at May 31, 2017). The Center records the proceeds received in excess of the annuity payable as a charitable contribution, and such amounts totaled $0 and $0 for the years ended May 31, 2017 and 2016, respectively. At May 31, 2017 and 2016, the Center recorded $698,870 and $732,923, respectively, in annuities payable relating to such program.

10. Endowment

The Center's endowment includes both donor-restricted endowment funds and funds designated by the Center's management to function as endowments. Net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center 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 Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Center and the donor-restricted endowment fund.
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 Center.
7. The investment policies of the Center.

The composition of endowment net assets by type of fund as of May 31, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (213,431)	$ 9,087,695	$ 31,109,978	$ 39,984,242
Board-designated quasi endowment	69,386,248	-	-	69,386,248
Total Funds	$ 69,172,817	$ 9,087,695	$ 31,109,978	$ 109,370,490

The changes in endowment net assets for the fiscal year ended May 31, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, beginning of year	$ 63,843,543	$ 4,947,897	$ 27,796,538	$ 96,587,978
Investment Return				
Interest and dividends	1,788,659	206,362	-	1,995,021
Net appreciation of investments	6,525,934	4,010,862	-	10,536,796
Net investment return	8,314,593	4,217,224	-	12,531,817
Other Changes				
Transfers	(1,846,057)	1,200,000	-	(646,057)
Annuity changes	42,709	-	-	42,709
Transfers to create Board-designated endowment funds	179,713	-	-	179,713
Total other changes	(1,623,635)	1,200,000	-	(423,635)
Contributions	218,401	-	3,313,440	3,531,841
Appropriation of Endowment Assets for Expenditures	(1,580,085)	(1,277,426)	-	(2,857,511)
Endowment Net Assets, end of year	$ 69,172,817	$ 9,087,695	$ 31,109,978	$ 109,370,490

The composition of endowment net assets by type of fund as of May 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ (303,891)	$ 4,947,897	$ 27,796,538	$ 32,440,544
Board-designated quasi endowment	64,147,434	-	-	64,147,434
Total Funds	$ 63,843,543	$ 4,947,897	$ 27,796,538	$ 96,587,978

The changes in endowment net assets for the fiscal year ended May 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, beginning of year	$ 69,686,659	$ 6,927,587	$ 26,977,913	$ 103,592,159
Investment Return (Loss)				
Interest and dividends	1,491,783	115,998	-	1,607,781
Net depreciation of investments	(3,439,431)	(939,262)	-	(4,378,693)
Net investment loss	(1,947,648)	(823,264)	-	(2,770,912)
Other Changes				
Transfers for donor intent changes	(2,351,351)	-	-	(2,351,351)
Annuity changes	(137,025)	-	-	(137,025)
Transfers to create Board-designated endowment funds	78,093	-	-	78,093
Total other changes	(2,410,283)	-	-	(2,410,283)
Contributions	3,044	-	818,625	821,669
Appropriation of Endowment Assets for Expenditures	(1,488,229)	(1,156,426)	-	(2,644,655)
Endowment Net Assets, end of year	$ 63,843,543	$ 4,947,897	$ 27,796,538	$ 96,587,978

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were $213,431 and $303,891 as of May 31, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking returns that are large enough to preserve and enhance its real, inflation-adjusted purchasing power. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to achieve total returns that, over time, are better than the relevant market benchmarks.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value over the prior five years. The spending policy calculation is performed as of the end of February proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Center considered the long-term expected return on its endowment. Accordingly, over the long-term, the Center expects the current spending policy to allow its endowment to grow at a rate equivalent to or greater than inflation. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

11. Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The tables below present information about the Center's assets measured at fair value on a recurring basis at May 31, 2017 and 2016, and the valuation techniques used by the Center to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Center has the ability to access. The Center has investments that are valued using Level 1 inputs, which are obtained directly from investment statements prepared by the institution holding the investments.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The fair value of the annuities payable was determined using Level 2 inputs.
Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

Alternative investments characterized as Level 3 investments consist of private equity investments that are not publicly traded and do not have a readily determined market. As a result, the Center values the alternative investments at net asset value which is based on the most recent valuation statement from the fund, annual audit reports from the fund, and subsequent purchases and liquidations of the fund.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Center's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

	Balance at May 31, 2017	Level 1	Level 2	Level 3
Investments				
Money Market Mutual Funds	$ 216,466	$ 216,466	$ -	$ -
U.S. Fixed Income, Core	15,875,129	15,875,129	-	-
International Fixed Income, Core	2,572,878	2,572,878	-	-
U.S. Fixed Income, High Yield	7,220,327	7,220,327	-	-
Treasury Inflation Protected Securities	2,249,938	2,249,938	-	-
U.S. Equity, Blend	40,766,038	40,766,038	-	-
U.S. Equity, Large Value	556,035	556,035	-	-
U.S. Equity, Small Capitalization	6,986,367	6,986,367	-	-
International Equity, Large Blend	25,070,356	12,460,828	12,609,528	-
International Equity, Emerging	4,164,067	4,164,067	-	-
Asset Allocation	9,341,769	9,341,769	-	-
Real Estate Securities	6,968,381	6,968,381	-	-
Commodities Securities	30,031	30,031	-	-
Private Equity	6,022,726	-	-	6,022,726
Total Investments	$ 128,040,508	$ 109,408,254	$ 12,609,528	$ 6,022,726

	Balance at May 31, 2016	Level 1	Level 2	Level 3
Investments				
Money Market Mutual Funds	$ 936,732	$ 936,732	$ -	$ -
U.S. Fixed Income, Core	6,804,821	6,804,821	-	-
U.S. Fixed Income, High Yield	7,168,954	7,168,954	-	-
International Fixed Income, Core	2,299,948	2,299,948	-	-
Treasury Inflation Protected Securities	1,979,514	1,979,514	-	-
U.S. Equity, Large Growth	5,731	5,731	-	-
U.S. Equity, Blend	39,032,011	39,032,011	-	-
U.S. Equity, Large Value	583,332	583,332	-	-
U.S. Equity, Small Capitalization	6,821,842	6,821,842	-	-
International Equity, Large Blend	22,364,082	11,247,697	11,116,385	-
International Equity, Emerging	3,895,915	3,895,915	-	-
Asset Allocation	8,735,332	8,735,332	-	-
Real Estate Securities	6,881,413	6,881,413	-	-
Commodities Securities	30,279	30,279	-	-
Private Equity	5,787,496	-	-	5,787,496
Total Investments	$ 113,327,402	$ 96,423,521	$ 11,116,385	$ 5,787,496

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value on a recurring basis are as follows:

Balance, June 1, 2015	$ 5,953,083
Realized and unrealized gains, interest and dividends	395,044
Purchases	148,836
Sales	(709,467)
Balance, May 31, 2016	5,787,496
Realized and unrealized gains, interest and dividends	321,862
Purchases	1,217,260
Sales	(1,303,892)
Balance, May 31, 2017	$ 6,022,726

Investments in Entities That Calculate Net Asset Value Per Share

The Center holds shares or interests in an investment company at fiscal year-end where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At fiscal year-end, the fair value and unfunded commitments of this investment are as follows:

May 31, 2017	Fair Value	Unfunded Commitments
Buyout (a)	$ 326,250	$ 78,716
Venture (b)	278,981	68,796
Real estate (c)	81,502	41,163
Debt (d)	341,179	50,366
Total	$ 1,027,912	$ 239,041

May 31, 2016	Fair Value	Unfunded Commitments
Buyout (a)	$ 402,941	$ 78,716
Venture (b)	351,788	68,796
Real estate (c)	163,294	41,163
Debt (d)	312,324	50,366
Total	$ 1,230,347	$ 239,041

According to the agreements for the private equity fund above, the Center is invested in a closed-end, illiquid private equity vehicle, and as such there is no redemption frequency. The duration of the private equity investments, including those that are measured at net asset value and those that are not, is expected to be approximately 6 to 10 years.

The private equity investments measured at net asset value above consists of a fund of funds that have a variety of underlying investments and investment strategies.

(a) Buyout: Invest in more established companies that are in need of some repair or growth in order to boost returns. Generally, interests are purchased through some combination of preferred shares and debt. There are various investment opportunities in buyout, such as: "buy and build" (purchasing a foundation platform company and building a larger company through acquisitions), "spin-offs" (non-core divisions that split from a parent company), "ownership transitions" (families or sole proprietors selling businesses), and "recapitalizations" (public companies being taken private through the repurchase of all outstanding common shares of stock). In addition to needing an equity infusion, some companies need to change their capital structure to facilitate growth.

(b) Venture: Invest in young companies with varying degrees of infrastructure, revenues and profits. Investments are typically made in cash through the purchase of preferred shares in the company. If the investment is in a concept alone, it is called "seed stage." Depending on the degree to which the product line is complete, management positions are fully staffed, revenues are being generated and/or profits are being made, the investments are referred to as "early stage" (very new companies, largely underdeveloped), "mid stage" (more infrastructure, but no profits), and "late stage" (sufficiently developed to possibly issue public stock or attract interest from a strategic buyer soon).

(c) Real Estate: Provide capital to meet a number of different needs including new construction, renovation, or a change in property ownership or management. These investments may involve equity or debt. The major sub-sectors that comprise equity investments include the purchase of land (including timberland and farmland), the purchase of fully or partially leased commercial properties and the purchase of renovation properties (buying existing properties and upgrading them), as well as investments in new construction (called "development"). There are also investments that can be made on the debt side, including first mortgage lending, mezzanine lending, distressed lending (senior lending to troubled assets), and the purchase of real estate bank loans (pools of loans sold off by banks that want to lower the level of reserve capital that must be held against such loans).

(d) Debt: Provide lending to companies that are being restructured or re-capitalized. Among debt funds, there are two major sub-sectors: mezzanine debt and distressed debt. Mezzanine funds initiate lending to companies of all sizes, both private and public. Mezzanine lenders have a subordinated claim on the underlying assets relative to senior lenders (banks, bondholders, etc.) and, in return, can charge a higher interest rate on the debt. Distressed debt funds can buy existing public and/or private debt of distressed companies. Distressed debt funds can be further broken down into two groups: (1) those where general partners take control of the distressed companies and work through the bankruptcy process to pick new managers and strategies for restructuring, and (2) those where general partners do not take control of these companies and instead focus on trading the distressed securities.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

BDO USA, LLP

July 14, 2017

Interlochen Center for the Arts

Statement of Financial Position Allocated by Fund

May 31, 2017	Unrestricted Operating Funds	Unrestricted Designated Funds	Unrestricted Designated Endowment Funds	Total Unrestricted	Temporarily Restricted Scholarship Funds	Temporarily Restricted General Funds	Temporarily Restricted Endowment Funds	Temporarily Restricted Plant Funds	Temporarily Restricted Agency Funds	Total Temporarily Restricted	Permanently Restricted Endowment Funds	Total
Assets												
Cash and cash equivalents	$ 3,624,754	$ 3,480,433	$ 1,150,167	$ 8,255,354	$ -	$ 79,226	$ 1,303,352	$ 797,007	$ 73,564	$ 2,253,149	$ 2,888,750	$ 13,397,253
Investments	2,720,648	9,683,798	67,471,199	79,875,645	-	777,018	7,784,343	11,937,268	36,797	20,535,426	27,629,437	128,040,508
Accounts receivable, net of allowance of approximately $2,581,000	166,668	-	-	166,668	-	-	-	-	-	-	-	166,668
Gifts receivable, net	142,263	-	483,550	625,813	134,500	373,337	-	7,833,542	-	8,341,379	591,791	9,558,983
Prepaid expenses and other receivables	744,719	-	67,901	812,620	-	-	-	-	-	-	-	812,620
Inventories	1,033,204	-	-	1,033,204	-	-	-	-	-	-	-	1,033,204
Land, buildings and equipment, net	48,980,778	-	-	48,980,778	-	-	-	-	-	-	-	48,980,778
Other assets	1,422,593	-	-	1,422,593	-	-	-	-	-	-	-	1,422,593
Total Assets	$ 58,835,627	$ 13,164,231	$ 69,172,817	$ 141,172,675	$ 134,500	$ 1,229,581	$ 9,087,695	$ 20,567,817	$ 110,361	$ 31,129,954	$ 31,109,978	$ 203,412,607
Liabilities and Net Assets												
Liabilities												
Accounts payable - trade	$ 816,350	$ -	$ -	$ 816,350	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 816,350
Accrued liabilities	4,065,055	-	-	4,065,055	67,901	-	-	-	110,361	178,262	-	4,243,317
Tuition deposits and other	12,115,758	-	-	12,115,758	-	-	-	-	-	-	-	12,115,758
Annuities payable	698,870	-	-	698,870	-	-	-	-	-	-	-	698,870
Bonds payable, net	25,217,854	-	-	25,217,854	-	-	-	-	-	-	-	25,217,854
Total Liabilities	42,913,887	-	-	42,913,887	67,901	-	-	-	110,361	178,262	-	43,092,149
Net Assets												
Unrestricted	15,921,740	13,164,231	69,172,817	98,258,788	-	-	-	-	-	-	-	98,258,788
Temporarily restricted	-	-	-	-	66,599	1,229,581	9,087,695	20,567,817	-	30,951,692	-	30,951,692
Permanently restricted	-	-	-	-	-	-	-	-	-	-	31,109,978	31,109,978
Total Net Assets	15,921,740	13,164,231	69,172,817	98,258,788	66,599	1,229,581	9,087,695	20,567,817	-	30,951,692	31,109,978	160,320,458
Total Liabilities and Net Assets	$ 58,835,627	$ 13,164,231	$ 69,172,817	$ 141,172,675	$ 134,500	$ 1,229,581	$ 9,087,695	$ 20,567,817	$ 110,361	$ 31,129,954	$ 31,109,978	$ 203,412,607

See accompanying independent auditor's report on supplementary information.

Interlochen Center for the Arts

Schedule of Activities - Cost of Operations and General and Administrative Expenses Allocated by Fund

	Unrestricted				Temporarily Restricted					Permanently Restricted	
May 31, 2017	Operating Funds	Designated Funds	Designated Endowment Funds	Total Unrestricted	Scholarship Funds	General Funds	Endowment Funds	Plant Funds	Total Temporarily Restricted	Endowment Funds	Total
Revenues and Other Additions											
Gross tuition and student fees	$ 42,605,941	$ -	$ -	$ 42,605,941	$ -	$ -	$ -	$ -	$ -	$ -	$ 42,605,941
Assets released from restrictions:											
Operating item:											
Financial aid	3,304,805	-	(80,497)	3,224,308	(2,197,529)	(9,734)	(1,017,045)	-	(3,224,308)	-	-
Less financial aid grants	(12,456,963)	-	-	(12,456,963)	-	-	-	-	-	-	(12,456,963)
Net tuition and student fees	33,453,783	-	(80,497)	33,373,286	(2,197,529)	(9,734)	(1,017,045)	-	(3,224,308)	-	30,148,978
Ticket sales	2,485,871	-	-	2,485,871	-	-	-	-	-	-	2,485,871
Lodging	1,466,416	-	-	1,466,416	-	-	-	-	-	-	1,466,416
Retail sales	1,989,716	-	-	1,989,716	-	-	-	-	-	-	1,989,716
Contributions and grants	1,346,396	3,348,802	218,401	4,913,599	2,207,263	378,592	-	5,693,760	8,279,615	3,313,440	16,506,654
Net gain on investments	-	870,638	8,314,593	9,185,231	-	143,341	4,217,224	1,054,443	5,415,008	-	14,600,239
Endowment allocation	1,603,405	-	-	1,603,405	(1,603,405)	-	-	-	(1,603,405)	-	-
Other revenues	916,823	43,514	42,708	1,003,045	-	559	-	3,282	3,841	-	1,006,886
Total revenues and other additions	43,262,410	4,262,954	8,495,205	56,020,569	(1,593,671)	512,758	3,200,179	6,751,485	8,870,751	3,313,440	68,204,760
Cost of Goods and Services											
Artist fees	1,390,399	55,129	-	1,445,528	-	101,818	-	-	101,818	-	1,547,346
Cost of goods sold	989,939	-	-	989,939	-	-	-	-	-	-	989,939
Total cost of goods and services	2,380,338	55,129	-	2,435,467	-	101,818	-	-	101,818	-	2,537,285
Cost of Operations											
Salaries, wages and benefits	27,414,924	347,702	-	27,762,626	-	208,474	-	-	208,474	-	27,971,100
Food costs	1,418,607	1,883	-	1,420,490	-	958	-	-	958	-	1,421,448
Contracted services	736,641	323,941	-	1,060,582	-	11,051	-	10,390	21,441	-	1,082,023
Supplies	1,403,592	991,755	-	2,395,347	-	184,908	-	37,168	222,076	-	2,617,423
Repairs and maintenance	852,615	89,550	-	942,165	-	204	-	303	507	-	942,672
Leases and rentals	330,972	35,883	-	366,855	-	65,494	-	500	65,994	-	432,849
Utilities	882,216	-	-	882,216	-	-	-	-	-	-	882,216
Insurance	311,404	-	-	311,404	-	-	-	-	-	-	311,404
Telephone and postage	522,364	71,172	-	593,536	-	-	-	-	-	-	593,536
Other operational	63,075	48,717	166,862	278,654	-	4,958	-	-	4,958	-	283,612
Total cost of operations	33,936,410	1,910,603	166,862	36,013,875	-	476,047	-	48,361	524,408	-	36,538,283

Interlochen Center for the Arts

Schedule of Activities – Cost of Operations and General and Administrative Expenses Allocated by Fund

	Unrestricted				Temporarily Restricted					Permanently Restricted	
May 31, 2017	Operating Funds	Designated Funds	Designated Endowment Funds	Total Unrestricted	Scholarship Funds	General Funds	Endowment Funds	Plant Funds	Total Temporarily Restricted	Endowment Funds	Total
General and Administrative											
Marketing	$ 750,614	$ 51,846	$ -	$ 802,460	$ -	$ 1,126	$ -	$ 1,580	$ 2,706	$ -	$ 805,166
Travel and entertainment	853,717	136,269	-	989,986	-	174,000	-	6,153	180,153	-	1,170,139
Professional services	545,499	487,840	-	1,033,339	-	4,925	-	9,163	14,088	-	1,047,427
Other	419,885	139,701	153,425	713,011	-	17,756	-	2,846	20,602	-	733,613
Total general and administrative	2,569,715	815,656	153,425	3,538,796	-	197,807	-	19,742	217,549	-	3,756,345
Total expenses before Board-designated expenditures and depreciation	38,886,463	2,781,388	320,287	41,988,138	-	775,672	-	68,103	843,775	-	42,831,913
Increase (decrease) in net assets before Board-designated expenditures, depreciation and non-operating items	4,375,947	1,481,566	8,174,918	14,032,431	(1,593,671)	(262,914)	3,200,179	6,683,382	8,026,976	3,313,440	25,372,847
Board-Designated Expenditures	8,116	(8,116)	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets before depreciation and non-operating items	4,367,831	1,489,682	8,174,918	14,032,431	(1,593,671)	(262,914)	3,200,179	6,683,382	8,026,976	3,313,440	25,372,847
Depreciation Expense	1,826,711	-	-	1,826,711	-	-	-	-	-	-	1,826,711
Assets Released From Restrictions/Transfers											
Non-operating items - capital and other	2,624,414	3,616,966	(2,845,644)	3,395,736	1,571,246	127,109	939,619	(6,033,710)	(3,395,736)	-	-
Net Increase (Decrease) in Net Assets	5,165,534	5,106,648	5,329,274	15,601,456	(22,425)	(135,805)	4,139,798	649,672	4,631,240	3,313,440	23,546,136
Net Assets, beginning of year	10,756,206	8,057,583	63,843,543	82,657,332	89,024	1,365,386	4,947,897	19,918,145	26,320,452	27,796,538	136,774,322
Net Assets, end of year	$ 15,921,740	$ 13,164,231	$ 69,172,817	$ 98,258,788	$ 66,599	$ 1,229,581	$ 9,087,695	$ 20,567,817	$ 30,951,692	$ 31,109,978	$ 160,320,458

See accompanying independent auditor's report on supplementary information.