The Center for Individuals with Physical Challenges

Financial Statements
with
Independent Auditor's Report

Years Ended September 30, 2015 and 2014

Jay & Associates, P.C.
Certified Public Accountants
Tulsa, OK

The Center for Individuals with Physical Challenges

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
The Center for Individuals with Physical Challenges, Ltd.

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Center for Individuals with Physical Challenges, Ltd. ("the Center"), as of September 30, 2015 and 2014, and the related statements of activities, cash flows and functional expenses and the related notes to the financial statements for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the financial position of the Center as of September 30, 2015 and 2014, 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.

Jay + Associates, P.C.

Tulsa, Oklahoma
January 7, 2016

The Center for Individuals with Physical Challenges
Statements of Financial Position
As of September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 8,204	$ 325,109
Pledges receivable - Note 2	2,853,520	10,725
United Way allocation receivable	78,642	79,693
Other assets	60,061	11,897
Total Current Assets	3,000,427	427,424
Cash and cash equivalents - restricted	2,167,373	-
Pledges receivable - Note 2	944	4,457
Long-term investments - Note 4	2,348,716	2,681,364
Beneficial interest in assets held by others - Note 7	356,102	370,359
Property and Equipment		
Land	1,732,342	1,732,342
Buildings and improvements	6,060,324	6,005,148
Equipment and furnishings	837,707	890,714
Construction in progress	69,312	
Less accumulated depreciation	(2,484,496)	(2,308,775)
Property and equipment, net - Note 3	6,215,189	6,319,429
Total Assets	$ 14,088,751	$ 9,803,033
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 14,845	$ 34,221
Accrued liabilities	38,359	44,658
Total current liabilities	53,204	78,879
Net assets		
Unrestricted	6,233,608	6,442,707
Unrestricted net assets functioning as endowment	1,088,175	1,436,248
Temporarily restricted - Note 10	5,096,016	227,451
Permanently restricted	1,617,748	1,617,748
Total net assets	14,035,547	9,724,154
Total liabilities and net assets	$ 14,088,751	$ 9,803,033

The accompanying Notes to Financial Statements are an integral part of these financial statements.

The Center for Individuals with Physical Challenges
Statements of Activities
Years Ended September 30, 2015 and 2014

	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS		
Public support and revenue		
Tulsa Area United Way, including amounts released from restriction	$ 312,244	$ 305,269
Contributions	384,865	309,955
Program fees	64,149	72,462
Special events	177,822	233,038
Net investment income - Note 4	44,352	35,154
Net realized and unrealized gain(loss) on investment	(152,167)	211,936
Rental income	30,250	29,799
Other	6,155	11,656
Net assets released from restriction	237,243	176,179
Total public support and revenue	1,104,913	1,385,448
Expenses		
Program services	1,126,134	1,178,477
Management and general	228,174	206,301
Fundraising	307,777	335,779
Total expenses	1,662,085	1,720,557
Change in unrestricted net assets	(557,172)	(335,109)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted United Way allocation	314,569	305,269
Contributions	5,103,483	156,730
Net assets released from restriction	(549,487)	(481,448)
Change in temporarily restricted net assets	4,868,565	(19,449)
Change in Net Assets	4,311,393	(354,558)
Net assets, beginning of year	9,724,154	10,078,712
Net assets, end of year	$ 14,035,547	$ 9,724,154

The accompanying Notes to Financial Statements are an integral part of these financial statements.

The Center for Individuals with Physical Challenges
Statement of Functional Expenses
Year Ended September 30, 2015

	Rehabilitation Services	Adaptive Community Recreation	Community Reintegration Services	Transition Services	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 173,941	$ 150,699	$ 87,791	$ 35,250	$ 447,681	$ 74,090	$ 106,706	$ 628,477
Employee health and retirement benefits	30,067	26,049	15,175	6,093	77,384	13,325	18,443	109,152
Other payroll related costs	17,976	15,446	8,765	3,621	45,808	7,794	10,860	64,462
Total salaries and related expense	221,984	192,194	111,731	44,964	570,873	95,209	136,009	802,091
Occupancy	104,918	63,775	14,401	8,229	191,323	10,286	4,116	205,725
Supplies and activity fee	36,620	57,258	1,752	1,699	97,329	2,979	152,717	253,025
Travel and transportation	-	3,217	100	-	3,317	16,945	(46)	20,216
Professional fees	16,028	1,750	(37)	350	18,091	57,147	111	75,349
Telephone	2,588	2,243	1,306	525	6,662	1,147	1,588	9,397
Postage	-	-	-	-	-	2,964	2,964	5,928
Printing and photography	2,346	2,550	2,345	2,346	9,587	2,346	5,246	17,179
Conference	-	654	-	-	654	7,695	111	8,460
Other	2,029	1,935	278	148	4,390	19,418	146	23,954
Total expenses before depreciation	386,513	325,576	131,876	58,261	902,226	216,136	302,962	1,421,324
Depreciation	122,789	74,636	16,853	9,630	223,908	12,038	4,815	240,761
Total expenses	$ 509,302	$ 400,212	$ 148,729	$ 67,891	$ 1,126,134	$ 228,174	$ 307,777	$ 1,662,085

The accompanying Notes to Financial Statements are an integral part of these financial statements.

The Center for Individuals with Physical Challenges
Statement of Functional Expenses
Year Ended September 30, 2014

	Rehabilitation Services	Adaptive Community Recreation	Community Reintegration Services	Transition Services	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 174,703	$ 156,166	$ 90,451	$ 44,951	$ 466,271	$ 59,286	$ 103,006	$ 628,563
Employee health and retirement benefits	25,261	22,581	13,079	6,500	67,421	(2,470)	14,894	79,845
Other payroll related costs	17,092	10,907	13,269	4,490	45,758	6,771	10,338	62,867
Total salaries and related expense	217,056	189,654	116,799	55,941	579,450	63,587	128,238	771,275
Occupancy	102,223	61,753	13,944	7,968	185,888	9,331	3,984	199,203
Supplies and activity fee	48,450	50,700	25,143	1,336	125,629	4,043	189,660	319,332
Travel and transportation	191	1,722	11,835	-	13,748	6,171	-	19,919
Professional fees	13,507	3,660	944	450	18,561	77,062	550	96,173
Telephone	2,752	2,460	1,425	708	7,345	1,040	1,622	10,007
Postage	-	-	-	-	-	3,263	3,263	6,526
Printing and photography	2,052	2,471	2,139	2,052	8,714	294	3,302	12,310
Conference	1,329	405	-	-	1,734	8,777	20	10,531
Other	1,937	3,610	330	176	6,053	20,295	165	26,513
Total expenses before depreciation	389,497	316,435	172,559	68,631	947,122	193,863	330,804	1,471,789
Depreciation	126,872	77,118	17,414	9,951	231,355	12,438	4,975	248,768
Total expenses	$ 516,369	$ 393,553	$ 189,973	$ 78,582	$ 1,178,478	$ 206,301	$ 335,779	$ 1,720,557

The accompanying Notes to Financial Statements are an integral part of these financial statements.

The Center for Individuals with Physical Challenges
Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,311,393	$ (354,558)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	240,761	248,768
Donated jewelry	(54,520)	-
Net realized and unrealized change in investments	152,167	(211,936)
Change in discount on contributions receivable	(187)	(203)
Changes in assets and liabilities:		
Pledges receivable	(2,838,044)	22,850
Other assets	6,356	12,644
Accounts payable and accrued liabilities	(25,675)	17,929
Net cash provided (used) by operating activities	1,792,251	(264,506)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds fom the sale of investments	1,709,807	677,512
Payment for the purchase of investments	(1,515,069)	(721,856)
Redemption of donated Treasury notes	-	184,148
Payment for the purchase of property	(136,521)	(61,679)
Net cash provided (used) by investing activities	58,217	78,125
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	-	-
Payoff of line of credit	-	-
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash	1,850,468	(186,381)
Cash at beginning of year	325,109	511,490
Cash at end of year	$ 2,175,577	$ 325,109
Supplemental Disclosures		
Cash paid during the year for:		
Interest	$ -	$ -

Note 1 - Summary of significant accounting policies

Organization
The Center for Individuals with Physical Challenges, Ltd. (The Center), formerly Tulsa Recreational Center for the Physically Limited, was incorporated December 7, 1957, as a charitable organization. The Center is supported by donations received from various individuals, charitable, civic and business groups, and by special fund raising projects. The Center is dedicated to providing a wide range of rehabilitation and recreational activities for persons with physical challenges. Its mission is to provide opportunities for persons with physical disabilities to enhance their quality of life.

Basis of presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of The Center and changes therein are classified and reported as follows:

Unrestricted Net Assets
Net assets that are not subject to donor-imposed stipulations. However, The Center's Board has designated a portion of unrestricted net assets for various purposes.

Temporarily Restricted Net Assets
Net assets subject to donor-imposed stipulations that may or will be met, either by actions of The Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with donor imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions.

Permanently Restricted Net Assets
Net assets subject to donor-imposed stipulations that they be maintained permanently by The Center. Generally, the donors of these assets permit the use of all or part of the income earned on any related investment for general or specific purposes. Such assets primarily include The Center's permanent endowment fund.

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 and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents
Except for restricted investments and certain board designated investments, The Center considers all cash and highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Note 1 - Summary of significant accounting policies (continued)

Contributions
Contributions are reported as increases in the appropriate net asset category. Expenses are reported as decreases in unrestricted net assets. Contributions, including unconditional promises to give, are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restriction and are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Transfers of assets under conditional promises, which are received prior to fulfilling these conditions, are recorded as a liability (i.e. unearned revenue) until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the gift date.

Gifts of land, buildings and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used or how long the assets must be held, in which case the gift is recorded as restricted support.

Upon expiration of temporary restrictions (i.e. when a stipulated time restriction ends or a 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. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service. Contributions which are received and whose restrictions are met in the same period are recognized as unrestricted contributions.

Contributions receivable
Contributions to be received after one year are recorded at the present value of their estimated future cash flows using a discount rate which is commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in the same net asset class as the original contribution. An allowance is made for uncollectable contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. The Center does not charge interest on receivables. Receivables are written off when deemed uncollectable.

Investments
Investments in marketable equity securities, debt securities and cash management funds are stated at fair value, as reported by independent trustees, in the statements of financial position. Realized and unrealized gains and losses are recognized in the statements of activities. Investment return, including realized and unrealized gains and losses, is included as changes in net assets consistent with the nature of the investment and donor-imposed restrictions.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position. Significant fluctuations in fair values could occur from year to year and the amounts ultimately realized by the Association could differ materially.

Note 1 - Summary of significant accounting policies (continued)

Land, buildings and equipment
Land, buildings and equipment are stated at cost at the time of acquisition or at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the related asset.

Additions and improvements that extend the useful life of an asset are capitalized. Expenditures for repairs and maintenance are expensed as incurred. The Center capitalizes all fixed assets acquired or donated with an original basis in excess of $1,000.

The Center records impairments to land, buildings and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over the estimated life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances at the time of the determination. No fixed asset impairments were recorded in 2015 or 2014.

Income taxes
The Center is exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code on income relating to its exempt purpose and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code. Unrelated business income, as described by Section 509(a)(1) of the Code, is subject to federal income tax. The Center currently has no unrelated business income. As a result, no provision for federal or state income taxes has been made in the accompanying financial statements.

Accounting standards provide guidance on the accounting for uncertainty in income taxes. This guidance requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management evaluates The Center's tax positions and has concluded that The Center has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provision of this guidance. The Center's federal income tax returns are subject to examination by the IRS and state taxing authorities generally for three years after they are filed; thus, returns covering fiscal periods ending on or after September 30, 2012 are still open for examination.

It is The Center's policy that penalties and interest assessed by the income taxing authorities, if any, are included in operating expenses. No penalties or interest were incurred for the years ended September 30, 2015 and 2014.

Concentration of credit risk
Financial instruments that potentially subject The Center to concentrations of credit and market risk consist primarily of cash, pledges receivable and investments.

Note 1 - Summary of significant accounting policies (continued)

Concentration of credit risk (continued)
The Center maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. In order to minimize any potential risk of loss, cash is placed with high-quality institutions.

The financial strength of donors is routinely assessed to minimize risk exposure. The Center does not require collateral on accounts and pledges receivable and has not experienced any significant losses from uncollectible accounts. However, The Center could incur a loss equal to the pledges receivable balance of $2,863,820.

The Center is supported primarily by contributions from individuals, companies and foundations. During the years ended September 30, 2015 and 2014 the Center derived approximately 5% and 16% of its revenue from the Tulsa Area United Way.

The Center received pledges from four donors totaling $5,000,000 related to a capital expansion campaign initiated during fiscal year 2015. These pledges represent approximately 77% of total revenue in 2015. Net pledges receivable of $2,850,000 are due from three donors at September 30, 2015. These receivables represent approximately 99% of total net pledges receivable at September 30, 2015.

The Center's investments represent normal concentrations of market risk inasmuch as The Center's investment portfolio is adequately diversified among issuers.

Donated goods and services
No amounts have been reflected in the statements for volunteer time donated to The Center's programs and fundraising activities. The Center does recognize donated services if the service received (a) creates or enhances nonfinancial assets, or (b) requires specialized skills, and is substantially the same as services normally purchased by The Center.

Functional classification of expenses
The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and support services, including fundraising, based upon management's experience and other factors.

Advertising
Costs incurred for producing and communicating non-direct advertising are expensed when incurred. Costs incurred for direct response advertising is capitalized and amortized over its estimated useful life. Advertising costs have not been capitalized at September 30, 2015 and 2014. No advertising expenses were incurred for the years ended September 30, 2015 and 2014.

Reclassifications
Certain reclassifications of prior year comparative amounts have been made in order to conform to the current year presentation. The reclassifications have no effect on the changes in net assets.

Note 1 - Summary of significant accounting policies (continued)

Subsequent Events
Events occurring subsequent to September 30, 2015 have been evaluated through January 7, 2016, which is the date the financial statements were available to be issued.

Note 2 – Pledges receivable
Pledges receivable consist of the following at September 30:

	2015			2014		
	0-1 year	1-5 years	Total	0-1 year	1-5 years	Total
Donor pledges receivable	$ 2,863,820	$ 1,000	$ 2,864,820	$ 21,825	$ 4,700	$ 26,525
Allowance for doubtful accounts	(10,300)	-	(10,300)	(11,100)	-	(11,100)
Discount to net present value	-	(56)	(56)	-	(243)	(243)
Net pledges receivable	$ 2,853,520	$ 944	$ 2,854,464	$ 10,725	$ 4,457	$ 15,182

Note 3 – Land, buildings and equipment
Land, buildings and equipment consist of the following at September 30:

	Estimated Useful Life	2015	2014
Land		$ 1,732,342	$ 1,732,342
Building	40 years	5,554,268	5,499,092
Building improvements	15 years	506,056	506,056
Equipment & furnishings	5-10 years	837,707	890,714
Construction in progress		69,312	-
		8,699,685	8,628,204
Less accumulated depreciation		(2,484,496)	(2,308,775)
Property and equipment, net		$ 6,215,189	$ 6,319,429

Note 4 – Investments
Investment return, including interest, dividends and realized capital gains (losses) are included in investment income, net of investment fees and expenses. All investments are managed by outside investment advisors.

The Center's investments consist of the following:

	2015	2014
Cash and cash equivalents	$ 123,794	$ 67,589
Fixed income bonds	722,176	546,602
Equity mutual funds	1,526,118	1,713,593
Alternative investments	332,730	554,439
Real estate investment trust	-	169,500
	$ 2,704,818	$ 3,051,723

Note 4 – Investments (continued)

The Center's investments are reported as follows:

	2015	2014
Beneficial interest in assets held by others	$ 356,102	$ 370,359
Long-term investments	2,348,716	2,681,364
	$ 2,704,818	$ 3,051,723

Investment activity is summarized as follows at September 30:

	2015	2014
Investments, at fair value, beginning of period	$ 3,051,723	$ 2,953,842
Contributions	-	95,700
Dividends & interest	54,686	41,139
Investment fees & expenses	(16,605)	(15,660)
Realized & unrealized appreciation (depreciation)	(152,167)	211,938
Transfers to operating funds	(232,819)	(235,236)
Investments, at fair value, end of period	$ 2,704,818	$ 3,051,723

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

Investment return

Total investment return consists of, and is included in the statement of activities as, unrestricted net investment income, and net unrealized and realized investment appreciation as follows:

	2015	2014
Dividends & interest	54,686	41,139
Interest on short term investments	-	439
Distributions from real estate investment trust	6,271	15,162
Investment expense	(16,605)	(15,660)
Loss on sale of donated real estate	-	(5,926)
Unrestricted net investment income	$ 44,352	$ 35,154

Note 5 – Fair Value Measurements

The fair value measurement standards establish a consistent framework for measuring fair value and provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). Inputs to the three levels of fair value hierarchy are summarized as follows:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs including: quoted prices in active markets for similar securities; quoted prices in inactive markets for identical securities; observable inputs other than quoted prices; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the security has a specified (contractual) term, the input must be observable for substantially the full term of the security.
- Level 3 – significant unobservable inputs (including The Center's own assumptions in determining the value of investments)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessary an indication of the risk associated with investing in those securities.

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, are as follows:

Cash and cash equivalents: The asset's carrying value approximates fair value due to its short maturity.

Contributions receivable: The asset is carried at cost net of a discount to present value using a rate which is commensurate with the risks involved on the gift date and an allowance for uncollectable accounts at the financial reporting date.

Investments: All marketable securities are valued by nationally recognized third-party pricing services. Highest priority is given to quoted prices in active markets for identical assets at the measurement date. An active market is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Center classifies all such assets as Level 1. Level 2 priority is given to valuation prices where the valuation process involves inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, using the market approach. In cases were Level 1 and Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Land, buildings and equipment: The asset's carrying amount is based on the fair value of the asset at the time of donation or purchase (i.e. cost basis) and reduced for impairments to their net realizable value based on facts and circumstances at the time of determination.

Accounts payable and accrued liabilities: The carrying amount of liabilities approximates fair value due to the short maturity of such amounts.

Note 5 – Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis are classified within the fair value hierarchy as follows:

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 123,794	$ -	$ -	$ 123,794
Fixed income bonds	722,176	-	-	722,176
Equity mutual funds	1,526,118	-	-	1,526,118
Alternative investments	332,730	-	-	332,730
	$ 2,704,818	$ -	$ -	$ 2,704,818

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 67,589	$ -	$ -	$ 67,589
Fixed income bonds	546,602	-	-	546,602
Equity mutual funds	1,713,593	-	-	1,713,593
Alternative investments	554,439	-	-	554,439
Real estate investment trust	-	-	169,500	169,500
	$ 2,882,223	$ -	$ 169,500	$ 3,051,723

The Center's Level 3 asset is comprised of its investment in a real estate investment trust. The Center relies on information provided from the manager of this investment and other corroborating market data to determine its fair value. During 2012, management recorded an impairment of $11,932 to this investment. No additional impairment was recorded during 2013 or 2014.

During February 2015, the real estate investment trust completed a spin-off of a significant portion of its assets. The spin-off resulted with The Center receiving approximately 3,790 shares of the newly separated entity, Xenia Hotel & Resorts, Inc. (Xenia). Subsequent to the spin-off, management liquidated all holdings of the real estate investment trust and Xenia resulting in a net loss of $5,054.

Note 6– Endowment

The Center's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") was enacted by the State of Oklahoma effective November 1, 2007 ("OK UPMIFA"). The Board of the Center has interpreted OK UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

Return objectives and risk parameters

For endowment assets, The Center has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that The Center must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maximize earnings while assuming a moderate level of investment risk.

Investment policies

The Center's endowment investments are managed by the trust department of a financial institution. In addition, certain endowment funds are invested by the Tulsa Community Foundation ("TCF"). Endowment fund investments are subject to the Tulsa Center for The Physically Limited Revocable Trust A and B agreements which were merged in 2006. The Center has furnished the Trustees written investment guidelines providing for investments in equity securities of up to 70% of the trust funds, with the balance invested in interest-bearing funds.

Spending policy

Under the Center's endowment management policies, dividends and interest earned on trust department investments which are not restricted by a donor are made available for current operations, while net capital gains are retained in the endowment fund. Each year the Center may receive a distribution up to 4% based on the average of the previous three years rolling market value.

Note 6 – Endowments (continued)

Activity in the Center's long-term endowment investments are summarized as follows:

September 30, 2015	Unrestricted: Unrestricted	Unrestricted: Board Restricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund net assets, beginning of period	$ (2,273)	$ 1,436,248	$ -	$ 1,617,748	$ 3,051,723
Contributions	-				-
Dividends & Interest	54,686				54,686
Investment fees & expenses	(16,605)				(16,605)
Investments purchased/donated	-				-
Realized & Unrealized appreciation (depreciation)	(152,167)				(152,167)
Reclassification	348,073	(348,073)			-
Transfers to operating funds	(232,819)				(232,819)
Endowment Fund net assets, end of period	$ (1,105)	$ 1,088,175	$ -	$ 1,617,748	$ 2,704,818

September 30, 2014	Unrestricted: Unrestricted	Unrestricted: Board Restricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund net assets, beginning of period	$ 177,720	$ 1,125,047	$ -	$ 1,617,748	$ 2,920,515
Contributions	95,700				95,700
Dividends & Interest	41,139				41,139
Investment fees & expenses	(15,660)				(15,660)
Investments purchased/donated	-				-
Realized & Unrealized appreciation (depreciation)	211,938				211,938
Reclassification	(311,201)	311,201			-
Transfers to operating funds	(201,909)				(201,909)
Endowment Fund net assets, end of period	$ (2,273)	$ 1,436,248	$ -	$ 1,617,748	$ 3,051,723

Note 7 – Beneficial interest in assets held by others

In 2001, the Center transferred $200,000 of restricted investments to the Tulsa Community Foundation ("TCF"), an Oklahoma not-for-profit corporation and community foundation. The mutual intent of the Center and TCF is to create a permanent endowment fund (the "Fund") for the benefit of the Center. The objective of the investment management and distribution policies is to provide for sufficient fund growth after distribution and investment expenses in order to preserve the inflation-adjusted value of the investment portfolio. Investment management policies are directed by TCF. The fair value of the Center's funds placed with TCF was $356,102 and $370,359 as of September 30, 2015 and 2014 respectively. TCF holds approximately $38,000 of additional investment funds for the beneficial interest of the Center. These funds came from a Foundation grant but are not recorded as an asset by the Center because TCF has variance power over them. The Board of Trustees of TCF shall have the power to modify any restriction or condition on distributions from the Fund for any specific charitable purposes or to specific organizations, if in the sole judgment of the Board of Trustees the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by TCF.

Note 7 – Beneficial interest in assets held by others (continued)

In unusual circumstances of need or opportunity, The Center may request a distribution of all or a portion of the Fund upon two-thirds vote of The Center's Board of Directors. The respective foundation may grant the request if it concludes the distribution is neither unreasonable nor inconsistent with the charitable purposes of the respective foundation and The Center; however, the foundations have ultimate unilateral authority over and control of all property in the Fund. There were no distributions from the Fund during 2015 or 2014.

Beneficial interest in assets held by the Tulsa Community Foundation consist of the following at September 30:

Tulsa Community Foundation	2015	2014
Cash and cash equivalents	$ 12,133	$ 13,046
Fixed income bonds	119,809	111,492
Equity mutual funds	202,658	224,496
Alternative investments	21,502	21,325
	$ 356,102	$ 370,359

Note 8 – Land lease

The Center leases certain land to the Housing Authority of the City of Tulsa for a physically disabled person's apartment complex. The lease is for a period of 50 years beginning August 1981. The base annual rental is $24,850 for 2015 and 2014.

Note 9 – Line of Credit

During April 2013, The Center renewed a $100,000 revolving line of credit, which matures on April 8, 2016. The note is secured by The Center's brokerage account and earnings thereon. Borrowings under the line of credit bear a variable interest rate based upon the BOKF National Prime Rate, which at the time of renewal was 4%. No borrowings were outstanding under the line of credit at September 30, 2015 and 2014.

Note 10 – Restricted Net Assets

The Center's temporarily restricted net assets are available for the following purposes at September 30:

	2015	2014
Corner lot campaign	$ 4,962,770	$ -
United Way allocation time restriction	78,643	79,693
Building maintenance	22,479	86,111
Other	32,124	61,647
	$ 5,096,016	$ 227,451

Permanently restricted

The Center's permanently restricted net assets are comprised of its endowment fund. The endowment funds are invested as discussed in Note 6.

Note 11 – Related Party Transactions

During 2010, the Center entered into an agreement with an accounting firm owned by a board member for monthly accounting services for which the Center paid approximately $30,000 for each year ended 2015 and 2014. Management believes the terms of this arrangement are no less favorable than if entered into with unaffiliated entities. At September 30, 2015, $2,451 was due to the accounting firm. No amount was due to/from the accounting firm at September 30, 2014.

Note 12 – Defined contribution plan

The Center offers eligible employees the opportunity to participate in a Simple Individual Retirement Account Plan after one year of full time service. The Center will match a participating employee's contribution at a percent determined by the Board up to 3%. The Center makes a contribution each month. Total expense was $12,789 for the year ended September 30, 2015 and $12,557 for the year ended September 30, 2014.

Note 13 – Litigation

During 2014, The Center was named as a defendant in a civil lawsuit. While results of litigation and claims cannot be predicted with certainty and management is unable to reasonably estimate a probable loss, management believes the probable final outcome will not have a material adverse effect on the financial statements. Accordingly, no liability has been reflected on the financial statements.