

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation

Consolidated Financial Statements June 30, 2016 and 2015



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Independent Auditors' Report

To the Board of Directors of Open Arms, Inc. dba Bryan's House and Bryan's House Foundation

We have audited the accompanying consolidated financial statements of Open Arms, Inc. dba Bryan's House and Bryan's House Foundation (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Open Arms, Inc. dba Bryan's House and Bryan's House Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

The consolidated financial statements of Open Arms, Inc. dba Bryan's House and Bryan's House Foundation as of and for the year ended June 30, 2015 were audited by other auditors whose report dated December 22, 2015, expressed an unmodified opinion on those consolidated financial statements.

Sutton Grost Cary
A Limited Liability Partnership

Arlington, Texas February 16, 2017

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation Consolidated Statements of Financial Position

June 30, 2016 and 2015

		2016	2015		
Assets					
Current assets:					
Cash and cash equivalents	\$	14,356	\$	40,354	
Investments		321,758		432,819	
Government grants receivable		105,993		200,764	
Pledges receivable		112,500		341,547	
Other receivable		4,117		6,652	
Prepaid expenses		4,604		664	
Property held for sale		339,745			
Total current assets		903,073		1,022,800	
Property and equipment, net		2,074,696		2,907,556	
Total assets	\$	2,977,769	\$	3,930,356	
Liabilities and Net	Asset	:s			
Current liabilities:					
Accounts payable	\$	92,548	\$	64,458	
Accrued liabilities	•	29,339		45,811	
Current portion of capital lease payable				6,693	
Total current liabilities		121,887		116,962	
Long term portion of capital lease payable				12,705	
Total liabilities		121,887		129,667	
Net assets:					
Unrestricted		2,723,382		3,595,689	
Temporarily restricted		132,500		205,000	
Total net assets		2,855,882		3,800,689	
Total liabilities and net assets	\$	2,977,769	\$	3,930,356	

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation Consolidated Statement of Activities

	Uni	Temporarily Unrestricted Restricted		Total	
Revenue and support:					
Contributions	\$	701,452	\$	132,500	\$ 833,952
Government grants and contracts		881,893		-	881,893
Special events		53,089		-	53,089
Investment return		4,370		-	4,370
Program income		22,791		-	22,791
Rent income		8,825		-	8,825
Net assets released from restrictions		205,000		(205,000)	
Total revenue and support		1,877,420		(72,500)	1,804,920
Expenses:					
Program services:					
Child Care		915,968		-	915,968
Head Start		648,847		-	648,847
Family Support Services		111,771		-	111,771
Social Work		273,005			 273,005
Total program expense		1,949,591		-	1,949,591
Management and general		215,369		-	215,369
Fundraising		250,698			250,698
Total expenses		2,415,658			 2,415,658
Decrease in net assets from operations		(538,238)		(72,500)	(610,738)
Impairment loss on property held for sale		334,069			 334,069
Decrease in net assets		(872,307)		(72,500)	(944,807)
Net assets at beginning of year		3,595,689		205,000	 3,800,689
Net assets at end of year	\$	2,723,382	\$	132,500	\$ 2,855,882

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation Consolidated Statement of Activities

	U	nrestricted	mporarily estricted	rmanently estricted	Total
Revenue and support:					
Contributions	\$	769,529	\$ 124,000	\$ -	\$ 893,529
Government grants and contracts		1,058,854	-	-	1,058,854
Special events		119,387	-	-	119,387
Investment return		17,656	-	-	17,656
Program income		27,199	-	-	27,199
Donation from merger with Wisdom's Hope		153,700	-	-	153,700
Net assets released from restrictions		301,039	(301,039)	 	 -
Total revenue and support		2,447,364	(177,039)	-	2,270,325
Expenses:					
Program services:					
Child Care		857,441	-	-	857,441
Head Start		810,492	-	-	810,492
Family Support Services		76,510	-	-	76,510
Social Work		255,037		 	 255,037
Total program expense		1,999,480	-	-	1,999,480
Management and general		226,637	-	-	226,637
Fundraising		350,290	 	 	 350,290
Total expenses		2,576,407	 	 	2,576,407
Decrease in net assets		(129,043)	(177,039)	-	(306,082)
Transfer		204,000	-	(204,000)	-
Net assets at beginning of year		3,520,732	 382,039	 204,000	 4,106,771
Net assets at end of year	\$	3,595,689	\$ 205,000	\$ 	\$ 3,800,689

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation Consolidated Statement of Functional Expenses

		Progran	n Services		Supportin			
	Child Care	Head Start	Family Support Services	Social Work	Management and General	Fundraising	Total	
Salaries Payroll taxes and benefits	\$ 489,696 115,917	\$ 382,274 94,751	\$ 56,916 9,468	\$ 180,776 39,516	\$ 82,754 30,221	\$ 119,882 27,303	\$ 1,312,298 317,176	
Total salaries and related expenses	605,613	477,025	66,384	220,292	112,975	147,185	1,629,474	
Bad debt	-	-	-	-	13,250	-	13,250	
Bank fees	-	-	-	-	11,260	-	11,260	
Board development	395	60	-	205	4,696	-	5,356	
Contract labor	817	-	5,318	-	4,894	9,223	20,252	
Depreciation	64,163	31,843	1,904	9,530	9,530	7,626	124,596	
Dues, licenses and permits	1,316	354	-	65	2,284	1,435	5,454	
Emergency assistance	-	-	29,836	13,990	-	-	43,826	
Equipment	6,872	4,698	-	-	10,354	-	21,924	
Supplies	-	-	-	-	-	46,752	46,752	
Hiring	388	164	-	42	-	-	594	
Insurance	11,707	11,708	689	3,422	2,905	2,738	33,169	
Gifts in-kind - client assistance	63,413	-	-	-	-	-	63,413	
Miscellaneous	500	-	-	-	1,902	341	2,743	
Network and software	4,188	1,107	442	784	7,825	991	15,337	
Printing and postage	1,485	3,376	55	1,136	4,384	16,489	26,925	
Professional fees	-	-	-	-	12,600	-	12,600	
Supplies, food and formula	61,797	52,594	295	9,371	-	94	124,151	
Public relations	-	-	-	-	24	7,498	7,522	
Publications and subscriptions	240	-	62	-	112	870	1,284	
Rent	-	73	1,499	-	2,358	-	3,930	
Repairs, maintenance and security	48,639	33,610	821	4,090	4,542	3,273	94,975	
Travel, training and development	4,040	1,216	1,282	3,325	1,275	1,471	12,609	
Utilities and telephone	40,395	31,019	3,184	6,753	8,199	4,712	94,262	
Total expenses	\$ 915,968	\$ 648,847	\$ 111,771	\$ 273,005	\$ 215,369	\$ 250,698	\$ 2,415,658	

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation Consolidated Statement of Functional Expenses

		Program	Services	Supportin			
	Child Care	Head Start	Family Support Services	Social Work	Management and General	Fundraising	Total
Salaries	\$ 482,998	\$ 482,126	\$ 37,659	\$ 152,049	\$ 98,097	\$ 170,642	\$ 1,423,571
Payroll taxes and benefits	134,474	125,466	4,760	31,353	47,724	34,236	378,013
Total salaries and related expenses	617,472	607,592	42,419	183,402	145,821	204,878	1,801,584
Bank fees	-	-	-	-	11,123	_	11,123
Board development	1,235	488	-	71	4,573	391	6,758
Depreciation	46,270	30,553	-	15,393	15,554	15,393	123,163
Dues, licenses and permits	2,160	458	-	741	1,355	1,612	6,326
Emergency assistance	-	-	15,984	7,867	-	-	23,851
Equipment	5,117	9,349	512	1,535	1,535	1,535	19,583
Supplies	-	-	-	-	-	73,516	73,516
Hiring	1,051	167	-	-	-	-	1,218
Insurance	16,660	8,140	3,206	4,998	6,664	4,998	44,666
Gifts in-kind - client assistance	25,241	-	-	8,236	4,221	4,416	42,114
Miscellaneous	9,037	-	87	-	-	-	9,124
Network and software	5,906	2,477	1,179	1,772	2,363	1,772	15,469
Printing and postage	2,083	7,359	591	3,036	6,604	17,958	37,631
Professional fees	6,583	658	-	1,975	1,975	1,975	13,166
Supplies, food and formula	65,641	64,505	757	9,145	1,022	3,371	144,441
Public relations	-	-	-	-	26	278	304
Publications and subscriptions	194	-	-	-	1,714	300	2,208
Rent	-	630	6,832	-	3,145	-	10,607
Repairs, maintenance and security	19,708	34,938	1,971	5,912	6,370	5,912	74,811
Travel, training and development	3,395	8,235	3	2,047	3,665	384	17,729
Utilities and telephone	29,688	34,943	2,969	8,907	8,907	11,601	97,015
Total expenses	\$ 857,441	\$ 810,492	\$ 76,510	\$ 255,037	\$ 226,637	\$ 350,290	\$ 2,576,407

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation Consolidated Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	 2016	2015		
Cash flows from operating activities:			_	
Decrease in net assets	\$ (944,807)	\$	(306,082)	
Adjustments to reconcile decrease in net assets to				
net cash used by operating activities:				
Depreciation	124,596		123,163	
Net realized and unrealized gain on investments	(45,462)		(3,659)	
Impairment loss on property held for sale	334,069		-	
Loss on disposal of property and equipment	34,450		-	
Changes in assets and liabilities:				
Government grants receivable	94,771		(116,027)	
Pledges receivable	229,047		(136,547)	
Other receivable	2,535		(4,861)	
Prepaid expenses	(3,940)		46,952	
Accounts payable	28,090		50,490	
Accrued liabilities	 (16,472)		(2,086)	
Net cash used by operating activities	(163,123)		(348,657)	
Cash flows from investing activities:				
Purchases of property and equipment	-		(94,007)	
Proceeds from sales of investments	212,791		891,569	
Purchases of investments	(56,268)		(483,781)	
Net cash provided by investing activities	156,523		313,781	
Cash flows from financing activities:				
Payments on capital lease	(19,398)		(7,236)	
Net cash used by financing activities	 (19,398)		(7,236)	
Increase (decrease) in cash and cash equivalents	(25,998)		(42,112)	
Cash and cash equivalents at beginning of year	 40,354		82,466	
Cash and cash equivalents at end of year	\$ 14,356	\$	40,354	

1. Organization

Open Arms, Inc. dba Bryan's House (Bryan's House) is a nonprofit organization established to respond to the needs of children and their families by providing medically-managed child care, respite care and community-based, family-centered support services in Dallas, Texas.

Bryan's House Foundation (Foundation) is a nonprofit organization established to solicit, invest and administer endowment funds to sustain the operating and capital requirements of Bryan's House.

Bryan's House and the Foundation are collectively referred to herein as the Organization. The Organization is supported primarily through contributions, grants and fundraising activities.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares the consolidated financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Consolidated Financial Statements

In accordance with the provisions of FASB ASC 958-810 Not-for-Profit Entities/Consolidations, the financial statements of Bryan's House and the Foundation have been consolidated and all inter-organization transactions and accounts have been eliminated.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors. Contributions, investment gains and losses and other assets limited to specific uses by donor-imposed restrictions are reported as unrestricted net assets if the restrictions are met in the same period as such items are recognized.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse, thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There are no permanently restricted net assets at June 30, 2016 or 2015.

Revenues are reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Temporarily restricted contributions whose restrictions are met in the same year the contributions are received are reported as unrestricted net assets.

Concentrations of Credit and Market Risk

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash, cash equivalents, investments, government grants receivable, and pledges receivable.

The Organization maintains cash and cash equivalents at various financial institutions located in Texas. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management has placed these funds with high credit quality financial institutions to minimize risk.

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

Government grants receivable and pledges receivable are unsecured and are due from various government agencies and donors. The Organization periodically evaluates the collectability of government grants receivable and pledges receivable and maintains allowances as considered necessary.

At June 30, 2016, promises to give from two unaffiliated entities totaled approximately 84% of pledges receivable. At June 30, 2015, promises to give from three unaffiliated entities totaled approximately 85% of pledges receivable. Grants from federal and state agencies totaled approximately 49% and 43% of the Organization's support and revenue for the years ended June 30, 2016 and 2015, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the consolidated statements of cash flows.

Investments

Investments consist of common stock, exchange traded funds and mutual funds carried at fair value in the consolidated statements of financial position with the related realized and unrealized gains and losses included in the accompanying consolidated statements of activities.

Government Grants Receivable

Government grants receivable are recorded based on the reimbursable amount incurred and are due within the next year. No allowance for doubtful accounts was considered necessary at June 30, 2016 and 2015.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the donation. The Organization capitalizes expenditures for property and equipment with a cost greater than \$2,500. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 35 years. The cost of maintenance and repairs is expensed as incurred.

In accordance with GAAP, management continually monitors events and changes in circumstances which could indicate that the carrying value of real estate may not be recoverable. If events or changes in circumstances are present, management assesses the recoverability of real estate by determining whether the carrying value will be recovered through the undiscounted future cash flows expected to be generated from its uses and eventual disposition. If the carrying amount of the real estate exceeds its estimated undiscounted cash flows, the impairment to be recognized is measured by the amount of the carrying value of the real estate that exceeds its fair value. An impairment loss of \$334,069 has been recognized for the year ended June 30, 2016. The impairment loss is reported as a non-operating activity in the accompanying consolidated statements of activities.

Revenue Recognition

Government grant and contract revenue is recognized as contract terms are fulfilled. Cost reimbursement contracts are recognized as revenue when the allowable costs are incurred. Fees for contract services are recognized as revenue when the contracted services are performed.

Contributions are generally recorded only upon receipt unless evidence of an unconditional promise to give has been received. Unconditional promises to give (pledges receivable) that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions to which they are subject are met.

Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the Organization. No donated services were utilized that met the criteria to be recorded as support on the Organization's consolidated financial statements.

Allocation of Functional Expenses

The cost of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Tax

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended June 30, 2016 and 2015. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2016 and 2015, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the consolidated financial statements for 2015 have been reclassified to be consistent with the 2016 presentation.

3. Investments

Under the fair value measurements and disclosures topic of the codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1	Inputs to the valuation methodology are quoted prices available in active
	markets for identical investments as of the reporting date;

Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;

Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value.

Money Market

Money markets are valued using \$1 for the net asset value and are classified within level 1 of the valuation hierarchy as the values are directly observable inputs.

Common Stock

Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds/Exchange Traded Funds

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

The Organization's investments are valued using Level 1 inputs. Below are the Organization's financial instruments at fair value as of June 30:

	 2016		2015
Money market funds	\$ 8,159	\$	63,747
Exchange traded funds - emerging markets	16,321		32,092
Mutual fund - fixed income	63,159		62,351
Common stock:			
Consumer discretionary	26,287		30,108
Consumer staples	26,564		27,169
Energy	18,330		20,976
Financials	36,191		46,471
Health care	35,848		43,121
Industrials	26,387		28,478
Information technology	52,704		65,878
Materials	4,996		5,670
Telecommunication services	6,812		6,758
	\$ 321,758	\$	432,819

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2016	2015
Land	\$ 240,000	\$ 308,500
Building and improvements	2,121,190	2,834,097
Automobiles	103,759	103,759
Furniture and equipment	92,457	126,928
Less: accumulated depreciation	2,557,406 (482,710)	3,373,284 (465,728)
·	\$ 2,074,696	\$ 2,907,556

Depreciation expense for the years ended June 30, 2016 and 2015 totaled \$124,596 and \$123,163, respectively.

5. Property Held for Sale

During the year ended June 30, 2016, the board of directors approved a plan to sell property located in Dallas, Texas and reclassified the asset from property and equipment to property held for sale. Additionally, the Organization recognized an impairment loss totaling \$334,069 to write down the carrying value of the asset to fair market value. In November 2016, the Organization sold property held for sale for \$339,745, net of related fees.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

	 2016	2015		
Medically managed childcare	\$ -	\$	100,000	
Subsequent period programs	 132,500		105,000	
	\$ 132,500	\$	205,000	

7. Government Grants and Contracts

The Organization receives significant funding from the federal and state government in the form of grants and contracts. The Organization is responsible for compliance with provisions of these grants and contracts. Noncompliance could result in the disallowance of expenditures and a request for reimbursement. In the opinion of the Organization's management, such disallowance, if any, would not be significant to the Organization's consolidated financial statements.

Federal and state awards expended were as follows for the years ended June 30, 2016 and 2015:

2010

2016		2015
\$ 735,889	\$	951,458
134,185		113,733
11,819		-
\$ 881,893	\$	1,065,191
\$	\$ 735,889 134,185 11,819	\$ 735,889 \$ 134,185 11,819

For the year ended June 30, 2016, the Organization was not subject to a federal single audit in accordance with *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* because federal funding does not exceed the \$750,000 threshold.

8. Donated Goods

Food, school supplies and diapers are donated to the Organization by various individuals and organizations. Donated goods amounting to \$63,413 and \$42,114 for the years ended June 30, 2016 and 2015, respectively, were recorded at fair value at the date of donation and have been included in contributions and program expense in the consolidated statements of activities.

9. Leases

Operating Leases

The Organization leases two copiers through non-cancelable operating lease agreements expiring in 2021. The following is a schedule of future minimum lease payments required under these lease agreements for the years ending June 30:

2017	\$ 12,636
2018	12,636
2019	12,636
2020	12,636
2021	12,636

Capital Leases

The previous copier was held under a capital lease that terminated in June 2016, and the Organization entered into the new operating leases as described above.

10. Retirement Plan

The Organization maintains a Savings Incentive Match Plan (Plan) for their employees. Substantially all employees are eligible to participate in the Plan. The Organization matches the employee's elective contribution in an amount not to exceed 3% of the employee's compensation. The Organization's contribution to the Plan totaled \$8,456 and \$14,211 for the years ended June 30, 2016 and 2015, respectively.

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2016

11. Merger with Wisdom's Hope

During the year ended June 30, 2015, the Organization entered into a merger agreement with another nonprofit organization, Wisdom's Hope. Pursuant to FASB ASC 958-25, this merger was treated as an acquisition by donation rather than a merger. Net assets obtained in this merger were as follows:

Cash	\$ 111,328
Contributions receivable	40,000
Prepaid expenses	5,194
Security deposits	175
Fixed assets	363
Accounts payable	(653)
Resident security deposits	(174)
Resident savings	 (2,533)
Donation from merger	\$ 153,700

12. Subsequent Events

The Organization evaluated subsequent events through February 16, 2017, which was the date the consolidated financial statements were available to be issued, and concluded that no additional disclosures are required.