



Annual Report to the Board
CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL
ASSOCIATIONS

Financial Statements
With Independent Auditors' Report

June 30, 2016 and 2015

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	7
Notes to Financial Statements	9
Supplementary Information	
Independent Auditors' Report on Supplementary Information	30
Schedule of Functional Expenses–2016	31
Schedule of Functional Expenses–2015	32
Statement of Financial Position–By Fund–2016	33
Statement of Financial Position–By Fund–2015	35
Statement of Activities–By Fund–2016	37
Statement of Activities–By Fund–2015	39

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Christian Medical & Dental Society
d/b/a Christian Medical & Dental Associations
Bristol, Tennessee

We have audited the accompanying financial statements of the Christian Medical & Dental Society d/b/a Christian Medical & Dental Associations which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Board of Trustees
Christian Medical & Dental Society
d/b/a Christian Medical & Dental Associations
Bristol, Tennessee

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Christian Medical & Dental Society d/b/a Christian Medical & Dental Associations as of June 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Atlanta, Georgia
September 9, 2016

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statements of Financial Position

	June 30,	
	2016	2015
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 2,241,777	\$ 1,378,303
Accounts receivable–net	303,792	534,900
Inventory	228,661	276,736
Prepaid expenses and other assets	906,316	514,277
Short-term investments	3,826,819	3,868,710
	7,507,365	6,572,926
Assets held in perpetuity and for long-term purposes	2,828,549	3,125,604
Assets held in perpetual trust	4,520,638	4,484,173
Property and equipment–net	4,467,305	4,717,095
	\$ 19,323,857	\$ 18,899,798
Total Assets	\$ 19,323,857	\$ 18,899,798
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 340,842	\$ 271,739
Accrued expenses	271,871	188,897
Current portion of trust and annuities payable	100,787	101,932
Deferred revenue	1,125,773	922,672
	1,839,273	1,485,240
Trust and annuities payable–net of current portion	706,516	743,905
Total liabilities	2,545,789	2,229,145
Net assets:		
Unrestricted	6,109,769	6,261,528
Temporarily restricted	4,868,923	4,653,114
Permanently restricted	5,799,376	5,756,011
Total net assets	16,778,068	16,670,653
Total Liabilities and Net Assets	\$ 19,323,857	\$ 18,899,798

See notes to financial statements

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statements of Activities

	Year Ended June 30,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
INCOME:								
Support:								
Contributions	\$ 2,471,800	\$ 3,378,696	\$ 6,900	\$ 5,857,396	\$ 2,269,958	\$ 3,401,015	\$ 19,077	\$ 5,690,050
Dues—contribution portion	1,347,855	-	-	1,347,855	1,358,320	-	-	1,358,320
Noncash donations:								
Medicines and supplies	59,478	-	-	59,478	135,389	-	-	135,389
Securities and property	38,359	311,957	-	350,316	122,607	204,749	2,923	330,279
Services	2,148,958	-	-	2,148,958	2,115,239	-	-	2,115,239
Mission trips	2,458,521	-	-	2,458,521	2,350,611	-	-	2,350,611
	<u>8,524,971</u>	<u>3,690,653</u>	<u>6,900</u>	<u>12,222,524</u>	<u>8,352,124</u>	<u>3,605,764</u>	<u>22,000</u>	<u>11,979,888</u>
Revenue:								
Conferences and programs	1,118,501	-	-	1,118,501	933,548	-	-	933,548
Dues—member benefit portion	284,570	-	-	284,570	242,923	-	-	242,923
Placement service fees	160,050	-	-	160,050	136,260	-	-	136,260
Sales—net of returns and allowances	205,648	-	-	205,648	179,709	-	-	179,709
Investment income	101,082	3,207	-	104,289	209,997	30,004	-	240,001
Change in value of annuities	(47,617)	-	-	(47,617)	(32,764)	-	-	(32,764)
Change in value of perpetual trust	-	-	36,465	36,465	-	-	(125,818)	(125,818)
Gain on sale of property	3,700	-	-	3,700	8,822	-	-	8,822
Other income	55,304	-	-	55,304	131,966	-	-	131,966
	<u>1,881,238</u>	<u>3,207</u>	<u>36,465</u>	<u>1,920,910</u>	<u>1,810,461</u>	<u>30,004</u>	<u>(125,818)</u>	<u>1,714,647</u>
Total Support and Revenue	<u>10,406,209</u>	<u>3,693,860</u>	<u>43,365</u>	<u>14,143,434</u>	<u>10,162,585</u>	<u>3,635,768</u>	<u>(103,818)</u>	<u>13,694,535</u>

(continued)

See notes to financial statements

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statements of Activities
(continued)

	Year Ended June 30,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
RECLASSIFICATIONS:								
Net assets released from:								
Satisfaction of purpose restrictions	3,206,509	(3,206,509)	-	-	2,320,888	(2,320,888)	-	-
Administrative assessments	271,542	(271,542)	-	-	337,978	(337,978)	-	-
Total Reclassifications	3,478,051	(3,478,051)	-	-	2,658,866	(2,658,866)	-	-
EXPENSES:								
Program services:								
Regional field ministries	2,336,580	-	-	2,336,580	2,546,756	-	-	2,546,756
Missions	6,639,854	-	-	6,639,854	6,561,032	-	-	6,561,032
Conferences and seminars	977,683	-	-	977,683	520,327	-	-	520,327
Publications and product sales	212,085	-	-	212,085	214,087	-	-	214,087
Placement service	193,352	-	-	193,352	157,457	-	-	157,457
Public affairs and public policy	301,530	-	-	301,530	287,784	-	-	287,784
Other	274,265	-	-	274,265	217,602	-	-	217,602
	10,935,349	-	-	10,935,349	10,505,045	-	-	10,505,045

(continued)

See notes to financial statements

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statements of Activities
(continued)

	Year Ended June 30,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES, continued:								
Supporting activities:								
Management and general	2,356,511	-	-	2,356,511	2,027,846	-	-	2,027,846
Fund-raising and membership development	744,159	-	-	744,159	579,508	-	-	579,508
	<u>3,100,670</u>	<u>-</u>	<u>-</u>	<u>3,100,670</u>	<u>2,607,354</u>	<u>-</u>	<u>-</u>	<u>2,607,354</u>
Total Expenses	<u>14,036,019</u>	<u>-</u>	<u>-</u>	<u>14,036,019</u>	<u>13,112,399</u>	<u>-</u>	<u>-</u>	<u>13,112,399</u>
Change in Net Assets	(151,759)	215,809	43,365	107,415	(290,948)	976,902	(103,818)	582,136
Net Assets, Beginning of Year	<u>6,261,528</u>	<u>4,653,114</u>	<u>5,756,011</u>	<u>16,670,653</u>	<u>6,552,476</u>	<u>3,676,212</u>	<u>5,859,829</u>	<u>16,088,517</u>
Net Assets, End of Year	<u>\$ 6,109,769</u>	<u>\$ 4,868,923</u>	<u>\$ 5,799,376</u>	<u>\$ 16,778,068</u>	<u>\$ 6,261,528</u>	<u>\$ 4,653,114</u>	<u>\$ 5,756,011</u>	<u>\$ 16,670,653</u>

See notes to financial statements

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statements of Cash Flows

	Year Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 107,415	\$ 582,136
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated medicines and supplies	(59,478)	(135,389)
Noncash contributions of securities and property	(350,316)	(330,279)
Depreciation	367,469	374,794
Net realized and unrealized gain on investments	177,494	148,397
Gain on disposition of assets	(3,700)	(8,822)
Actuarial change	(35,089)	(20,659)
Annuity maturities	(4,663)	(16,489)
Provision for uncollectible accounts receivable	(7,764)	(7,764)
Contributions restricted for long-term investment	(6,900)	(22,000)
Change in value of assets held in perpetual trust	(36,465)	125,818
Distributed medicines and supplies	100,013	148,348
Changes in operating assets and liabilities:		
Accounts receivable	238,872	(231,125)
Inventory	7,540	(20,907)
Prepaid expenses and other assets	(282,039)	136,402
Accounts payable	69,103	(38,949)
Accrued expenses	82,974	15,224
Deferred revenue	203,101	(13,193)
Net Cash Provided by Operating Activities	567,567	685,543
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(99,957)	(1,446,558)
Proceeds from sale of investments	578,758	637,483
Purchases of property and equipment	(101,389)	(90,521)
Proceeds from sale of property and equipment	3,700	8,822
Net Cash Provided (Used) by Investing Activities	381,112	(890,774)

(continued)

See notes to financial statements

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL AND DENTAL ASSOCIATIONS

Statements of Cash Flows
(continued)

	Year Ended June 30,	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment	6,900	22,000
Annuity payments	(92,105)	(94,692)
Net Cash Used by Financing Activities	(85,205)	(72,692)
 Net Change in Cash and Cash Equivalents	 863,474	 (277,923)
 Cash and Cash Equivalents, Beginning of Year	 1,378,303	 1,656,226
 Cash and Cash Equivalents, End of Year	 \$ 2,241,777	 \$ 1,378,303
 SUPPLEMENTAL DISCLOSURES:		
Donated services	\$ 2,148,958	\$ 2,115,239
Donated securities and property	\$ 350,316	\$ 330,279
Donated medicines and supplies	\$ 59,478	\$ 135,389

See notes to financial statements

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

1. NATURE OF ORGANIZATION:

The Christian Medical & Dental Society d/b/a Christian Medical & Dental Associations (CMDA) is a nonprofit corporation described in Section 501(c)(3) of the Internal Revenue Code (Code) and recognized by the IRS as a publicly supported organization that is not a private foundation as described in Section 509(a)(2) of the Code. As such, it is exempt from federal and state income tax, and contributions by the public are deductible for income tax purposes. CMDA was incorporated April 11, 1946, under the laws of the state of Illinois.

The mission of CMDA is to motivate, educate, and equip Christian healthcare professionals to glorify God. Founded in 1931, CMDA serves as a voice and ministry to and for Christian doctors promoting positions and addressing policies on ethical healthcare issues. Among its many programs, CMDA conducts overseas and domestic mission projects, coordinates a network of Christian doctors for fellowship and professional growth, sponsors student ministries in medical and dental schools, distributes educational and inspirational resources, holds marriage and family conferences, provides missionary doctors in developing countries with continuing education, and conducts academic exchange programs overseas. The following is an overview of some of the CMDA programs:

Campus and Community Ministries—CMDA members engage and serve in a variety of activities, including Bible studies, prayer breakfasts, sharing groups, seminars, conferences, and service projects. CMDA has ministry activities on the campuses of nearly all of the medical, osteopathic, and dental schools in the United States. CMDA helps students grow in faith and adopt biblical and ethical standards. Also, graduate doctors across the nation band together for personal spiritual growth and to influence their communities for Christ. At both the campus and community levels, CMDA regional, area, and local staff assist doctors in realizing their goals by helping them launch community-based CMDA ministries.

Missions—CMDA's Global Health Outreach (GHO) ministry sends volunteers on short-term medical, dental, and surgical missions into developing countries around the world. GHO combines an evangelistic outreach with desperately needed healthcare to demonstrate the love and compassion of Christ in a material way. National doctors in needy countries are also invited to join GHO teams and learn new techniques and information as team doctors and nurses share their knowledge and faith. CMDA's Medical Education International (MEI) program sends short-term teams of medical and dental professionals in response to requests from leaders and medical personnel in other nations to enhance their clinical and academic medical/dental education. Volunteer team members use their expertise and share the love of Christ by developing relationships, encouraging overseas colleagues, and sharing professional knowledge and faith with national doctors.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

1. NATURE OF ORGANIZATION, continued:

Center for Medical Missions—CMDA's Center for Medical Missions (CMM) offers support to its missionary members. Whether through management consulting, training, or networking, CMM seeks to equip medical missionaries to succeed in their call to minister to the sick and hurting throughout the world. Additionally, CMM encourages student and resident participation in international healthcare by the provision of international rotation grants and scholarships. Its quarterly newsletter helps keep those preparing for a career in medical missions focused on that goal.

Publications and resource sales—Life & Health Resources provides educational materials, books, CDs, DVDs, and logo items. CMDA members receive the quarterly CMDA magazine, *Today's Christian Doctor*, providing practical ways for members to integrate Christian faith and values with their professional practice. CMDA provides updates on legislative actions and news developments in bioethical issues, missions reports, and personal and professional resources which are also replicated on the CMDA website. *Christian Doctor's Digest* is an audio series produced six times a year offering advice and perspectives on issues such as malpractice, witnessing in the workplace, bioethics, and more. *Prescribe A Resource*® is an online service that allows members to prescribe pre-screened literature for their patients. The public can also access a list of the same pre-screened literature in a topically indexed format. Items can be obtained directly from CMDA's Life & Health Resources or other resource outlets.

Conferences and seminars—CMDA seeks to encourage, train, and equip Christian doctors and students in their professional lives by providing conferences on evangelism, marriage, singleness, medical ethics, bioethical issues, women in healthcare, family, and more. The National conventions and regional seminars allow members to network with colleagues, hear renowned Christian speakers, and discuss professional and spiritual issues. CMDA is approved to offer *AMA PRA Category 1 Credit*TM (Continuing Medical Education) for physicians as well as *Academy of General Dentistry PACE Credit* (Continuing Dental Education) for dentists. CMDA offers continuing education in medicine and dentistry at home and abroad.

Dental Ministries—The Christian Dental Association is an outreach ministry of CMDA and is dedicated to supporting dentists across the country as they seek to integrate their faith into their personal and professional lives. This is accomplished through working closely with the various departments and programs of CMDA providing opportunities for domestic and international missions, conferences for both students and dentists, and an invitation for fun, fellowship, and ministry at both the campus and community levels.

Public policy—CMDA serves as the collective voice of thousands of Christian doctors on bioethical and other healthcare issues. CMDA promotes a Christian perspective on ethical issues and provides medically reliable and biblically sound guidance on healthcare issues. Many turn to CMDA for help with critical bioethical issues, such as abortion, conscience rights in healthcare, euthanasia and physician-assisted suicide, human trafficking, embryo research, and many others.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

1. NATURE OF ORGANIZATION, continued:

Public policy, continued—CMDA experts have testified in Congress and have conducted hundreds of media interviews for national outlets. The Washington office serves as a liaison with the White House, Congress, and federal agencies. The Washington office provides experts for congressional testimony, legislative counsel, and White House consultation; produces commentaries and articles for national media; networks with and assists other pro-life policy organizations; and provides members with updates and analysis on public policy issues. An extensive website offers valuable information on critical issues related to medical ethics and healthcare. The Washington Bureau of the Christian Medical Association links our members with Congress, the Administration, and policy organizations; presents life-honoring perspectives through the national media; and publishes resources on vital issues.

PAACS—Pan African Academy of Christian Surgeons (PAACS) is a CMDA commission that facilitates a surgical residency program at hospitals in Africa. Doctors, mostly surgeons, volunteer to travel to these hospitals and train national doctors to become surgeons. The number of medical personnel traveling to these hospitals on behalf of the PAACS program was 223 and 194 for fiscal years 2016 and 2015, respectively. Based on the hours worked by these volunteers, the value of donated services was \$4,070,662 and \$3,115,375 for fiscal years 2016 and 2015, respectively. These donated services are not reflected in the CMDA financial statements as the volunteers serve the various residency programs but are not directly supervised.

Examples of other programs—Through the Medical Malpractice Ministry, CMDA offers prayer, counsel, and emotional support to those in this crisis. A malpractice resource kit includes written materials and audio/visual aids. The CMDA Placement Service specializes in linking practice opportunities and doctors with shared values. Experienced staff use personal encounters and databases to help doctors find practices with a common commitment to professional excellence, corporate vision, and personal character. The CMDA website offers communication opportunities and information on bioethics, domestic and overseas missions opportunities, missionary support programs, classifieds, publications, conferences, news, etc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of CMDA have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

RECLASSIFICATION

Certain information from the prior year financial statements has been reclassified to conform to the current year presentation format.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, checking, savings, and money market accounts as well as highly liquid investments with maturity dates of less than three months. These accounts may at times exceed federally insured limits. CMDA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable are reported net of any anticipated losses due to uncollectible accounts. CMDA's policy for determining when receivables are past due or delinquent is 30 days after invoicing, except for mission trips which are delinquent as of the date of the trip. Uncollectible accounts are written off as bad debt when it is determined the amounts are uncollectible. Payments received from nonaccrual receivables are credited to appropriate receivable accounts.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions.

INVENTORY

Inventories are carried at the lower of cost or market. Cost is determined using the average cost method.

INVESTMENTS

Investments in cash, money market funds, mutual funds, all equity securities with readily determinable fair values, and all debt and governmental securities are reported at fair value with gains and losses included in the statements of activities. Other investments are reported at the lower of cost or fair value.

PROPERTY AND EQUIPMENT

Property and equipment are carried at historical cost less accumulated depreciation. CMDA capitalizes all expenditures greater than \$3,000 for assets with expected lives greater than one year. Depreciation is provided over the estimated service lives of the assets, ranging from 3 to 30 years, using the straight-line method.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD IN PERPETUAL TRUST

Assets held in trust consist of two perpetual trusts held by third party trustees which are time restricted, established as part of estate gifts. Under the first trust, a percentage of the trust income is paid to CMDA annually as unrestricted income. Under the terms of the second trust, part of income earned is allocated for another charity with most of the income directed to CMDA. The trustees have the power to terminate and liquidate the trust, upon which the assets would be distributed entirely to CMDA. In the event of termination, a determination would be made whether any part of the transferred assets should be held and reported as permanently restricted based upon the trust document and trustee's direction.

Based on the communicated donor intent and advice of counsel, income received from the second trust will be allocated to the corporate purposes of CMDA and specifically to benefit ministries to dental students.

The trust consists of investment in equity securities with readily determinable fair values reported at fair value. Other investments and assets, such as property, are reported at the lower of cost or fair value. Trust investments are held under trust agreements administered by the trustees and reported at fair value (See Note 7).

NET ASSETS

The financial statements report amounts by classification of net assets:

- *Unrestricted net assets* are currently available for purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment and held as annuity reserves.
- *Temporarily restricted net assets* are contributed with donor stipulations for specific operating purposes or programs, time restrictions, or not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased.
- *Permanently restricted net assets* are contributed with donor restrictions that the principal remains in perpetuity and only the income be available as unrestricted or temporarily restricted as per endowment agreements.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to CMDA.

CMDA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CMDA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods (including securities, property, and equipment) are recorded at fair value at the date of the gift. Donated airtime is received as a result of public service announcements (PSAs), ranging from 30 to 60 seconds, that are distributed to radio stations concerning current ethical and medical issues. PSAs are now being distributed via a FTP site to radio stations. It is not known how many stations aired the PSAs. Because of the uncertainty of airings and lack of reportable information, it is not practicable to measure the value of this contribution. Accordingly, no value has been recognized for donated airtime.

Donated medicines and medical supplies are recorded as inventory and contribution revenue at their discounted (40% in 2016 and 2015) wholesale value at the date of donation, taking into consideration inventory condition and utility for use. All donated inventory is received from private organizations and is considered to be unrestricted support unless the inventory explicitly contains donor restrictions. CMDA only records the value of donated inventory in which they were either the original recipient of the gift, were involved in partnership with another organization for distribution internationally, or used in CMDA's programs. Valuation is determined by the use of pricing data obtained through research of similar products and similar quantities using an exit price notion from a market participant perspective. For pharmaceuticals, CMDA considered the average wholesale price (AWP) in the Red Book® guide published annually by Thomson Reuters. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed, but CMDA does not expect the difference to be material.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

CMDA received donations of \$59,478 and \$135,389 in gift-in-kind (GIK) revenue for the years ended June 30, 2016 and 2015, respectively. The GIK received consisted of the following categories:

	Year Ended June 30,	
	2016	2015
Pharmaceuticals	\$ 22,602	\$ 22,085
Non-pharmaceutical medical supplies	36,876	113,304
	\$ 59,478	\$ 135,389

When CMDA receives donated inventories with geographic restrictions or other specific designations, these contributions are recognized as temporarily restricted. Donor restrictions are satisfied and donated inventory is released from restriction and reclassified as unrestricted when the donated product has been shipped. Contributed services are recognized for those services that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those services that require specialized skills (as contributions and expenses). In connection with medical and dental projects overseas, CMDA receives donated skilled services that are recognized as support and expense. The services are valued based on current salary rates as determined by various medical profession compensation surveys.

MEMBERSHIP DUES

Regular membership dues are recognized in the membership year to which they apply, except for prior period dues which are recognized in the period received. The portion considered a contribution is recognized as unrestricted support when received. The portion considered to be in exchange for member benefits is recognized as revenue ratably during the membership period. The unexpired portion is reported as deferred revenue.

Lifetime membership dues, prior to 1994, were solicited, treated as contributions, and reported as permanently restricted endowments. Subsequent to 1994, lifetime membership dues include an exchange component as well as a contribution component. The portion considered to be a contribution is recognized as unrestricted board-designated funds in the year received and held for investment purposes as designated net assets in the lifetime membership fund. The portion considered to be an exchange for member benefits is recognized as revenue ratably over the average actuarial life of lifetime members and is held for investment purposes as designated net assets in the lifetime membership fund. A transfer is typically made annually from the lifetime membership fund to the general fund as CMDA's board directs.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PLACEMENT SERVICE FEES

CMDA defers revenue associated with its placement activity (i.e., recruiting service) to the point when the sales contingency has been met. In order to appropriately match the expenses associated with this service, CMDA developed an estimate of its related costs and recorded a prepaid expense to be amortized against the placement revenue.

EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of CMDA have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Any CMDA activities that include joint costs are allocated 100% to fund-raising.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2016 and 2015, CMDA had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

CMDA files information tax returns in the U.S. and various states. CMDA is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

3. ACCOUNTS RECEIVABLE—NET:

Accounts receivable consist of:

	June 30,	
	2016	2015
Mission trips receivable	\$ 54,273	\$ 197,590
Estate receivable	127,781	185,509
Other	126,032	161,573
Less allowance for doubtful accounts	(4,294)	(9,772)
	<u>\$ 303,792</u>	<u>\$ 534,900</u>

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

4. INVENTORY:

Inventory consists of:

	June 30,	
	2016	2015
Books	\$ 45,972	\$ 48,307
Medicines and supplies	163,239	206,731
Other	19,450	21,698
	\$ 228,661	\$ 276,736

5. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	June 30,	
	2016	2015
Deferred placement costs	\$ 64,320	\$ 60,180
Employee/program advances	131,861	59,989
Prepaid medical group mission trips	331,965	229,572
Prepaid insurance	56,775	52,712
Prepaid conference expenses	43,533	70,277
Other	277,862	41,547
	\$ 906,316	\$ 514,277

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

6. INVESTMENTS:

Investments consist of:

	June 30,	
	2016	2015
At fair value:		
Money market mutual funds	\$ 18,075	\$ 17,334
Mutual funds:		
Growth funds	1,129,338	1,290,904
Value funds	1,064,088	1,161,913
Blend funds	741,371	36,235
REITs	284,931	269,371
Emerging markets	366,243	116,896
International equity	548,826	794,565
Domestic fixed income	651,525	2,092,507
Bond funds	1,373,102	854,369
	6,159,424	6,616,760
Government securities	80,321	79,664
	6,257,820	6,713,758
At lower of cost or market value:		
Cash and cash equivalents	299,309	184,533
Private REIT	98,239	96,023
	397,548	280,556
	\$ 6,655,368	\$ 6,994,314
Short-term investments	\$ 3,826,819	\$ 3,868,710
Assets held in perpetuity and for long-term purposes	2,828,549	3,125,604
	\$ 6,655,368	\$ 6,994,314

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

6. INVESTMENTS, continued:

Assets held in perpetuity and for long-term purposes consist of endowed balances, amounts held for future annuity payments beyond the current year, and assets designated by the board for long-term purposes.

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. CMDA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, CMDA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. At June 30, 2016 and 2015, all CMDA investments are considered Level 1 investments, respectively, except for the Private REIT, which is considered a Level 3 investment.

	(Level 3)	
	Year Ended June 30,	
	2016	2015
Beginning balance	\$ 96,023	\$ 94,545
Change in valuation level	-	-
Contributions	-	-
Realized gain (loss)	-	-
Change in unrealized depreciation	2,216	1,478
Purchases	-	-
Sales	-	-
	\$ 98,239	\$ 96,023

Investment income consists of:

	Year Ended June 30,	
	2016	2015
Interest and dividends	\$ 154,002	\$ 202,889
Distributions from perpetual trust	127,781	185,509
Realized and unrealized losses on investments—net	(177,494)	(148,397)
	\$ 104,289	\$ 240,001

Investment income included in the statements of activities is reported net of investment fees totaling \$46,978 and \$39,474 for the years ended June 30, 2016 and 2015, respectively.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

7. ASSETS HELD IN PERPETUAL TRUST:

Assets held in perpetual trust consist of:

	June 30,	
	2016	2015
Beneficial interest in perpetual trusts	\$ 4,520,638	\$ 4,484,173

CMDA is a beneficiary of various trusts that are administered by trustees outside CMDA. Although the assets of these trusts are not in its possession, CMDA is entitled to receive the income there from. At June 30, 2016 and 2015, all assets held in perpetual trust investments are considered Level 3 investments.

	(Level 3)	
	Year Ended June 30,	
	2016	2015
Beginning balance	\$ 4,484,173	\$ 4,609,991
Change in valuation level	-	-
Contributions	-	-
Realized and unrealized gain (loss)	36,465	(125,818)
Purchases	-	-
Sales	-	-
Ending balance	\$ 4,520,638	\$ 4,484,173

Realized and unrealized gains (losses) related to assets held in perpetual trust are included in change in value of perpetual trust on the statements of activities.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

8. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2016	2015
Land	\$ 324,359	\$ 324,359
Buildings	6,922,426	6,908,026
Computer systems	1,796,904	1,791,059
Automobiles	396,601	384,748
Furniture and equipment	1,230,901	1,152,942
Construction in process	5,078	5,078
	10,676,269	10,566,212
Less accumulated depreciation	(6,208,964)	(5,849,117)
	\$ 4,467,305	\$ 4,717,095

9. TRUST AND ANNUITIES PAYABLE:

CMDA has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a stated dollar annual return during their lifetimes. This transaction provides for a portion of the gift annuity to be considered a charitable contribution for income tax purposes.

The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as contribution income in the annuity fund at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values using the discount rate at the inception of the agreement. Any resulting actuarial gain or loss is recorded as change in value of annuities.

Change in value of annuities consist of:

	Year Ended June 30,	
	2016	2015
Interest and dividends	\$ 25,824	\$ 27,270
Net realized and unrealized gain (loss) on investments	(13,925)	1,976
Annuity payments	(92,105)	(94,692)
Fees	(7,163)	(4,466)
Maturities	4,663	16,489
Actuarial change	35,089	20,659
	\$ (47,617)	\$ (32,764)

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

9. TRUST AND ANNUITIES PAYABLE, continued:

Trust and annuities payable consist of:

	June 30,	
	2016	2015
Annuities payable	\$ 754,412	\$ 789,895
Trust liabilities	52,891	55,942
	\$ 807,303	\$ 845,837

10. DEFERRED REVENUE:

Deferred revenue consists of:

	June 30,	
	2016	2015
Unexpired dues	\$ 315,987	\$ 309,127
Deferred placement income	107,200	100,300
Deferred project and conference fees	702,586	513,245
	\$ 1,125,773	\$ 922,672

11. LINE OF CREDIT:

CMDA has an unsecured \$500,000 line of credit with First Tennessee Bank for operations. The interest rate is 90-day LIBOR plus 2.25 percentage points with a minimum floor of 4.50% (effective rate of 4.5% at June 30, 2016). The line of credit is subject to certain covenants with the bank that requires CMDA to maintain total net assets of at least \$2,000,000. CMDA was in compliance with all covenants as of June 30, 2016. The line of credit matures on October 15, 2016, and is renewable. The balance as of the years ended June 30, 2016 and 2015, was \$0.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

12. NET ASSETS:

Net assets consist of:

	June 30,	
	2016	2015
Unrestricted:		
Undesignated	\$ 725,489	\$ 598,474
Designated:		
Board designated annuity reserves	113,162	118,484
Board designated society endowment	178,213	180,377
Lifetime memberships	625,600	647,098
	916,975	945,959
Equity in property and equipment	4,467,305	4,717,095
	6,109,769	6,261,528
Temporarily restricted:		
Missions restricted projects	2,514,444	2,452,458
Area directors	675,023	672,620
Continuing medical and dental education commission	414,978	197,696
Other purpose restrictions	633,023	513,855
Endowment funds	631,455	816,485
	4,868,923	4,653,114
Permanently restricted:		
Endowments	1,278,738	1,271,838
Perpetual trust (see Note 2)	4,520,638	4,484,173
	5,799,376	5,756,011
	\$ 16,778,068	\$ 16,670,653

13. EMPLOYEE BENEFITS:

PENSION PLAN—SAFE HARBOR 401(K)

CMDA operates a defined contribution 401(k) safe harbor pension plan covering substantially all salaried employees. Annual employer contributions to the plan are equal to 8% of the employee compensation. Prior to November 1, 2005, CMDA operated a money purchase pension plan with employer contributions to the plan equal to 8% of the employee compensation. Contributions for the years ended June 30, 2016 and 2015, were \$261,600 and \$235,353, respectively.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

13. EMPLOYEE BENEFITS, continued:

401(K) SALARY DEFERRAL

CMDA offers a 401(k) salary deferral plan for employees, which is a voluntary salary reduction plan. Employees may contribute to the plan by way of a salary reduction agreement with a maximum total contribution to a participant's account based upon the current provisions of the Code.

MEDICAL PLAN

CMDA offers medical benefits to all qualified full-time employees and their dependents. Under the Plan, employees pay the deductible with funds from the HSA. CMDA partially funded the HSA to help with the annual deductible amount. The employees may contribute the remainder of the annual allowed amount to the HSA, if they choose. The Plan pays 80% of the employee's covered charges after the deductible has been met with a maximum out-of-pocket amount. At June 30, 2016 and 2015, there were 52 and 50 employees covered by the Plan, respectively. As of June 30, 2016 and 2015, CMDA paid medical premiums of \$385,363 and \$352,222, respectively, and HSA contributions of \$160,503 and \$151,003, respectively. Employee contributions to insurance premiums totaled \$26,430 and \$24,831, respectively, with contributions to HSAs totaling \$97,653, and \$87,643, respectively, for the years ended June 30, 2016 and 2015.

14. FUND-RAISING AND MEMBERSHIP DEVELOPMENT EXPENSES:

Fund-raising and membership development expenses consist of:

	Year Ended June 30,	
	2016	2015
Fund-raising	\$ 520,990	\$ 365,067
Membership development	223,169	214,441
	\$ 744,159	\$ 579,508

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

15. CHAPTER OPERATIONS:

Local chapters and ministry groups are organized under the CMDA structure, which requires compliance with the CMDA constitution and that all officers of the local ministry group or chapter be CMDA members. Local ministry and chapter constitutions are provided for each. The chapters are covered under a CMDA group exemption and are included in the CMDA annual information return, as required if annual receipts are less than \$50,000. If a chapter has receipts greater than \$50,000 they must file their own IRS form 990. Based on unaudited annual reports provided by local ministry groups and chapters to CMDA, these groups reported the following for the years then ended June 30, 2016 and 2015:

	June 30,	
	2016	2015
Number of local chapters	318	266
Reported chapter income	\$ 241,063	\$ 183,471
Reported chapter expenses	\$ 219,697	\$ 185,724
Reported chapter cash-on-hand	\$ 127,892	\$ 87,966

16. RELATED PARTY TRANSACTIONS:

A former board, and then audit committee, member established a Family Foundation (Foundation) that is organized as a supporting organization under Section 509(a)(3) of the Code to CMDA and other 501(c)(3) publicly supported charities. CMDA is identified as the primary supported organization. CMDA has the power to appoint one of three directors. The current appointee is the CEO of CMDA. There were no resources held by the Foundation for the benefit of CMDA; although, future gifts may result.

CMDA owns a rental house which it rented to a CMDA senior staff member at fair market value of \$8,400 per year during fiscal year 2016 and 2015. CMDA's legal counsel who serves as a member of the audit committee during the years ended June 30, 2016 and 2015, was paid \$23,353 and \$14,587, respectively, for legal services.

17. COMMITMENTS:

As part of its ministry, CMDA holds conferences and events (such as national or regional meetings) for member and potential members. As of June 30, 2016, CMDA has entered into commitments approximating \$31,216 for these events scheduled through 2016.

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

18. ENDOWMENTS:

CMDA's endowment consists of eight individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of CMDA 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, CMDA 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 CMDA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CMDA 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 CMDA 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 CMDA
7. The investment policies of the CMDA

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

18. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	\$ -	\$ 631,455	\$ 1,278,738
Board-designated funds	803,813	-	-
	<u>\$ 803,813</u>	<u>\$ 631,455</u>	<u>\$ 1,278,738</u>

Changes in endowment net assets for year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 827,475	\$ 816,485	\$ 1,271,838
Investment return:			
Interest and dividend income	67,828	62,603	-
Net losses (realized and unrealized)	(75,803)	(59,396)	-
Total investment return	(7,975)	3,207	-
Contributions	92,988	21,825	6,900
Amounts appropriated for expenditure	(108,675)	(210,062)	-
	<u>(23,662)</u>	<u>(185,030)</u>	<u>6,900</u>
Endowment net asset, end of year	<u>\$ 803,813</u>	<u>\$ 631,455</u>	<u>\$ 1,278,738</u>

Endowment net asset composition by type of fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	\$ -	\$ 816,485	\$ 1,271,838
Board-designated funds	827,475	-	-
	<u>\$ 827,475</u>	<u>\$ 816,485</u>	<u>\$ 1,271,838</u>

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

18. ENDOWMENTS, continued:

Changes in endowment net assets for year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 860,330	\$ 692,706	\$ 1,249,838
Investment return:			
Interest and dividend income	74,358	72,925	-
Net losses (realized and unrealized)	(53,315)	(42,921)	-
Total investment return	21,043	30,004	-
Contributions	47,834	242,250	22,000
Amounts appropriated for expenditure	(101,732)	(148,475)	-
	(32,855)	123,779	22,000
Endowment net asset, end of year	\$ 827,475	\$ 816,485	\$ 1,271,838

June 30,

2016	2015
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Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA.

\$ 1,278,738	\$ 1,271,838
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Temporarily restricted net assets:

The portion of perpetual endowment funds subject to a time restriction under UPMIFA:

With purpose restrictions

\$ 631,455	\$ 816,485
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CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Notes to Financial Statements

June 30, 2016 and 2015

18. ENDOWMENTS, continued:

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 CMDA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 as of June 30, 2016 and 2015.

Return Objectives and Risk Parameters—CMDA 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 to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CMDA must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. CMDA expects its endowment funds, over time, to provide an average rate of return of approximately 6% to 8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, CMDA 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). CMDA 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 Related to Spending Policy—CMDA's donor-restricted endowments are used to fund participation in short-term mission trips, fund the Global Health Outreach department of CMDA, and to provide Steury Fund medical school scholarships for future missionaries. Information for the various grants and scholarships is posted on the CMDA website and in various CMDA literature. Those interested in the short-term mission grants go through an application process and awards are given based on available earnings or, in the case of underwater endowments, a specified amount by the donor. Since the Steury Scholarships is a true scholarship, the applicants go through an extensive application process, and a four-year scholarship is granted to a recipient each year. The Lifetime Fund consists of lifetime dues receipts, earnings, gains, and losses. This fund is under board direction and \$100 for each current lifetime member is transferred to operations each year. In addition, the board, at its discretion, appropriates funds for transfers to operations and for other objectives. Several endowments are not permanently restricted and will eventually be depleted. Accordingly, over the long-term, CMDA expects the current spending policy to allow certain endowments to grow annually and solicits real growth through new gifts.

19. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Trustees
Christian Medical & Dental Society
d/b/a Christian Medical & Dental Associations
Bristol, Tennessee

We have audited the financial statements of Christian Medical & Dental Society d/b/a Christian Medical & Dental Associations as of and for the years ended June 30, 2016 and 2015, and our report thereon dated September 9, 2016, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of financial position by fund, activities by fund, and schedules of functional expenses are presented for purposes of additional analysis of the financial statements rather than to present the financial position and results of operations of the individual organizations, and it 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.

Capin Crouse LLP

Atlanta, Georgia
September 9, 2016

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Schedule of Functional Expenses
(All Funds)

Year Ended June 30, 2016
(With comparative totals for the year ended June 30, 2015)

	Total Program Services	Total Supporting Activities	Total Expenses	2015 Total Expenses
Compensation	\$ 3,332,569	\$ 1,373,655	\$ 4,706,224	\$ 4,232,532
Employee benefits	582,933	565,813	1,148,746	927,935
Office expense	299,390	201,109	500,499	459,948
Travel	288,952	51,780	340,732	269,677
Professional expense	108,140	206,026	314,166	284,479
Conferences	1,284,820	40,159	1,324,979	893,380
Occupancy	10,865	39,573	50,438	48,274
Donated services	2,148,958	-	2,148,958	2,115,239
Donated medicines	51,940	-	51,940	134,256
Depreciation	209,683	157,786	367,469	374,794
Project costs	1,128,676	-	1,128,676	1,399,694
Participant transportation fees	819,982	-	819,982	955,023
Communications	57,705	25,558	83,263	73,141
Production and promotion	267,536	179,711	447,247	443,643
Cost of sales	102,300	21,841	124,141	85,081
Fees and licenses	7,687	13,774	21,461	18,930
Bad debt expense	12,582	5,367	17,949	9,681
Taxes	-	18,219	18,219	16,689
Miscellaneous	220,631	200,299	420,930	370,003
Total Expenses June 30, 2016	<u>\$ 10,935,349</u>	<u>\$ 3,100,670</u>	<u>\$ 14,036,019</u>	
Total Expenses June 30, 2015		<u>\$ 2,607,354</u>		<u>\$ 13,112,399</u>

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Schedule of Functional Expenses
(All Funds)

Year Ended June 30, 2015
(With comparative totals for the year ended June 30, 2014)

	Total Program Services	Total Supporting Activities	Total Expenses	2014 Total Expenses
Compensation	\$ 2,997,418	\$ 1,235,114	\$ 4,232,532	\$ 3,844,586
Employee benefits	515,011	412,924	927,935	937,397
Office expense	277,799	182,149	459,948	473,198
Travel	224,825	44,852	269,677	226,372
Professional expense	112,141	172,338	284,479	230,005
Conferences	864,920	28,460	893,380	1,261,824
Occupancy	10,099	38,175	48,274	45,720
Donated services	2,115,239	-	2,115,239	2,353,282
Donated medicines	134,256	-	134,256	120,040
Depreciation	294,204	80,590	374,794	404,966
Project costs	1,399,663	31	1,399,694	1,394,322
Participant transportation fees	955,023	-	955,023	948,613
Communications	56,027	17,114	73,141	66,843
Production and promotion	246,237	197,406	443,643	563,243
Cost of sales	80,692	4,389	85,081	63,994
Fees and licenses	5,696	13,234	18,930	13,895
Bad debt expense	9,681	-	9,681	22,929
Taxes	-	16,689	16,689	16,882
Miscellaneous	206,114	163,889	370,003	290,861
Total Expenses June 30, 2015	\$ 10,505,045	\$ 2,607,354	\$ 13,112,399	
Total Expenses June 30, 2014	\$ 10,781,924	\$ 2,497,098		\$ 13,279,022

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Financial Position—By Fund

June 30, 2016

	CMDS General Fund	Facilities Fund	Medicines and Supplies Fund	Lifetime Memberships Fund	Annuity Fund	Endowment Fund	Missions and Other Restricted Funds	Total
ASSETS:								
Current assets:								
Cash and cash equivalents	\$2,207,332	\$ -	\$ -	\$ -	\$ 34,445	\$ -	\$ -	\$ 2,241,777
Accounts receivable—net	113,120	-	-	-	-	-	190,672	303,792
Inventory	156,454	-	68,950	-	-	-	3,257	228,661
Prepaid expenses and other assets	763,288	-	-	-	-	-	143,028	906,316
Short-term investments	1,897,606	-	-	813,265	52,891	29,524	1,033,533	3,826,819
Due (to) from other funds	(3,157,385)	(550,831)	(8,703)	658,483	(661,660)	1,037	3,719,059	-
	<u>1,980,415</u>	<u>(550,831)</u>	<u>60,247</u>	<u>1,471,748</u>	<u>(574,324)</u>	<u>30,561</u>	<u>5,089,549</u>	<u>7,507,365</u>
Assets held in perpetuity and for long-term purposes	-	-	-	460,996	865,465	1,162,898	339,190	2,828,549
Assets held in perpetual trust	19,416	-	-	-	-	-	4,501,222	4,520,638
Property and equipment—net	519,992	3,735,741	90,756	-	-	-	120,816	4,467,305
Total Assets	<u><u>\$2,519,823</u></u>	<u><u>\$3,184,910</u></u>	<u><u>\$ 151,003</u></u>	<u><u>\$ 1,932,744</u></u>	<u><u>\$ 291,141</u></u>	<u><u>\$1,193,459</u></u>	<u><u>\$10,050,777</u></u>	<u><u>\$19,323,857</u></u>

(continued)

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Financial Position—By Fund
(continued)

June 30, 2016

	CMDS General Fund	Facilities Fund	Medicines and Supplies Fund	Lifetime Memberships Fund	Annuity Fund	Endowment Fund	Missions and Other Restricted Funds	Total
LIABILITIES AND NET ASSETS:								
Current liabilities:								
Accounts payable	\$ 340,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 340,842
Accrued expenses	254,597	-	-	-	-	-	17,274	271,871
Current portion of annuities payable	-	-	-	-	100,787	-	-	100,787
Deferred revenue	893,727	-	-	173,702	-	-	58,344	1,125,773
	<u>1,489,166</u>	<u>-</u>	<u>-</u>	<u>173,702</u>	<u>100,787</u>	<u>-</u>	<u>75,618</u>	<u>1,839,273</u>
Annuities payable—net of current portion	-	-	-	-	706,516	-	-	706,516
Total liabilities	<u>1,489,166</u>	<u>-</u>	<u>-</u>	<u>173,702</u>	<u>807,303</u>	<u>-</u>	<u>75,618</u>	<u>2,545,789</u>
Net assets:								
Unrestricted:								
Undesignated	381,248	(550,831)	(81,654)	-	(629,324)	949	1,605,101	725,489
Designated	-	-	-	625,600	113,162	178,213	-	916,975
Equity in property and equipment	519,992	3,735,741	90,756	-	-	-	120,816	4,467,305
	<u>901,240</u>	<u>3,184,910</u>	<u>9,102</u>	<u>625,600</u>	<u>(516,162)</u>	<u>179,162</u>	<u>1,725,917</u>	<u>6,109,769</u>
Temporarily restricted	110,000	-	141,901	672,446	-	196,555	3,748,021	4,868,923
Permanently restricted	19,417	-	-	460,996	-	817,742	4,501,221	5,799,376
Total net assets	<u>1,030,657</u>	<u>3,184,910</u>	<u>151,003</u>	<u>1,759,042</u>	<u>(516,162)</u>	<u>1,193,459</u>	<u>9,975,159</u>	<u>16,778,068</u>
Total Liabilities and Net Assets	<u>\$2,519,823</u>	<u>\$3,184,910</u>	<u>\$ 151,003</u>	<u>\$ 1,932,744</u>	<u>\$ 291,141</u>	<u>\$1,193,459</u>	<u>\$ 10,050,777</u>	<u>\$19,323,857</u>

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Financial Position—By Fund

June 30, 2015

	<u>CMDS General Fund</u>	<u>Facilities Fund</u>	<u>Medicines and Supplies Fund</u>	<u>Lifetime Memberships Fund</u>	<u>Annuity Fund</u>	<u>Endowment Fund</u>	<u>Missions and Other Restricted Funds</u>	<u>Total</u>
ASSETS:								
Current assets:								
Cash and cash equivalents	\$ 238,669	\$ -	\$ -	\$ -	\$ 18	\$ -	\$ 1,139,616	\$ 1,378,303
Accounts receivable—net	278,632	-	-	-	-	-	256,268	534,900
Inventory	164,347	-	109,485	-	-	-	2,904	276,736
Prepaid expenses and other assets	334,052	-	-	-	-	-	180,225	514,277
Short-term investments	751,913	-	-	834,763	-	180,284	2,101,750	3,868,710
Due (to) from other funds	(247,815)	(571,983)	(10,821)	244,606	(246,133)	-	832,146	-
	<u>1,519,798</u>	<u>(571,983)</u>	<u>98,664</u>	<u>1,079,369</u>	<u>(246,115)</u>	<u>180,284</u>	<u>4,512,909</u>	<u>6,572,926</u>
Assets held in perpetuity and for long-term purposes	-	-	-	460,996	1,037,280	1,046,238	581,090	3,125,604
Assets held in perpetual trust	-	-	-	-	-	-	4,484,173	4,484,173
Property and equipment—net	<u>474,293</u>	<u>3,961,897</u>	<u>127,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,805</u>	<u>4,717,095</u>
Total Assets	<u>\$ 1,994,091</u>	<u>\$ 3,389,914</u>	<u>\$ 225,764</u>	<u>\$ 1,540,365</u>	<u>\$ 791,165</u>	<u>\$ 1,226,522</u>	<u>\$ 9,731,977</u>	<u>\$ 18,899,798</u>

(continued)

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Financial Position—By Fund
(continued)

June 30, 2015

	CMDS General Fund	Facilities Fund	Medicines and Supplies Fund	Lifetime Memberships Fund	Annuity Fund	Endowment Fund	Missions and Other Restricted Funds	Total
LIABILITIES AND NET ASSETS:								
Current liabilities:								
Accounts payable	\$ 271,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ 271,739
Accrued expenses	177,692	-	-	-	-	-	11,205	188,897
Current portion of annuities payable	-	-	-	-	101,932	-	-	101,932
Deferred revenue	657,150	-	-	187,666	-	-	77,856	922,672
	<u>1,106,181</u>	<u>-</u>	<u>-</u>	<u>187,666</u>	<u>101,932</u>	<u>-</u>	<u>89,461</u>	<u>1,485,240</u>
Annuities payable—net of current portion	-	-	-	-	743,905	-	-	743,905
Total liabilities	<u>1,106,181</u>	<u>-</u>	<u>-</u>	<u>187,666</u>	<u>845,837</u>	<u>-</u>	<u>89,461</u>	<u>2,229,145</u>
Net assets:								
Unrestricted:								
Undesignated	413,617	(571,983)	98,664	244,605	(173,156)	(18,001)	604,728	598,474
Designated	-	-	-	647,098	118,484	180,377	-	945,959
Equity in property and equipment	474,293	3,961,897	127,100	-	-	-	153,805	4,717,095
	<u>887,910</u>	<u>3,389,914</u>	<u>225,764</u>	<u>891,703</u>	<u>(54,672)</u>	<u>162,376</u>	<u>758,533</u>	<u>6,261,528</u>
Temporarily restricted	-	-	-	-	-	253,304	4,399,810	4,653,114
Permanently restricted	-	-	-	460,996	-	810,842	4,484,173	5,756,011
Total net assets	<u>887,910</u>	<u>3,389,914</u>	<u>225,764</u>	<u>1,352,699</u>	<u>(54,672)</u>	<u>1,226,522</u>	<u>9,642,516</u>	<u>16,670,653</u>
Total Liabilities and Net Assets	<u>\$ 1,994,091</u>	<u>\$ 3,389,914</u>	<u>\$ 225,764</u>	<u>\$ 1,540,365</u>	<u>\$ 791,165</u>	<u>\$ 1,226,522</u>	<u>\$ 9,731,977</u>	<u>\$ 18,899,798</u>

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Activities—By Fund

Year Ended June 30, 2016

	CMDS General Fund	Facilities Fund	Medicines and Supplies Fund	Lifetime Memberships Fund	Annuity Fund	Endowment Fund	Missions and Other Restricted Funds	Total
INCOME:								
Support:								
Contributions	\$ 3,812,171	\$ -	\$ -	\$ -	\$ -	\$ 24,355	\$ 2,020,870	\$ 5,857,396
Dues—contribution portion	1,315,578	-	-	106,952	-	-	(74,675)	1,347,855
Noncash donations:								
Medicines and supplies	-	-	59,478	-	-	-	-	59,478
Securities and property	267,402	-	-	-	-	-	82,914	350,316
Services	-	-	2,148,958	-	-	-	-	2,148,958
Mission trips	2,305,801	-	-	-	-	-	152,720	2,458,521
	<u>7,700,952</u>	<u>-</u>	<u>2,208,436</u>	<u>106,952</u>	<u>-</u>	<u>24,355</u>	<u>2,181,829</u>	<u>12,222,524</u>
Revenue:								
Conferences and programs	392,714	-	-	-	-	-	725,787	1,118,501
Dues—member benefit portion	284,570	-	-	-	-	-	-	284,570
Placement service fees	160,050	-	-	-	-	-	-	160,050
Sales—net of returns and allowances	200,947	-	-	-	-	-	4,701	205,648
Investment income	11,613	-	-	(14,998)	-	(14,316)	121,990	104,289
Change in value of annuities	-	-	-	-	(47,617)	-	-	(47,617)
Change in value of perpetual trust	-	-	-	-	-	-	36,465	36,465
Gain on disposal of property	3,700	-	-	-	-	-	-	3,700
Other income	50,053	-	-	-	-	-	5,251	55,304
Transfers	71,410	21,151	(24,115)	314,389	(413,873)	(38,000)	69,038	-
	<u>1,175,057</u>	<u>21,151</u>	<u>(24,115)</u>	<u>299,391</u>	<u>(461,490)</u>	<u>(52,316)</u>	<u>963,232</u>	<u>1,920,910</u>
Total Support and Revenue	<u>8,876,009</u>	<u>21,151</u>	<u>2,184,321</u>	<u>406,343</u>	<u>(461,490)</u>	<u>(27,961)</u>	<u>3,145,061</u>	<u>14,143,434</u>

(continued)

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Activities—By Fund
(continued)

Year Ended June 30, 2016

	CMDS General Fund	Facilities Fund	Medicines and Supplies Fund	Lifetime Memberships Fund	Annuity Fund	Endowment Fund	Missions and Other Restricted Funds	Total
EXPENSES:								
Program services:								
Regional field ministries	2,083,409	38,277	-	-	-	-	214,894	2,336,580
Missions	2,710,813	108,737	2,200,897	-	-	-	1,619,407	6,639,854
Conferences and seminars	293,086	16,011	-	-	-	-	668,586	977,683
Publications and product sales	208,624	3,461	-	-	-	-	-	212,085
Placement service	190,186	3,166	-	-	-	-	-	193,352
Public affairs and public policy	296,592	4,938	-	-	-	-	-	301,530
Other	113,317	788	-	-	-	5,102	155,058	274,265
	<u>5,896,027</u>	<u>175,378</u>	<u>2,200,897</u>	<u>-</u>	<u>-</u>	<u>5,102</u>	<u>2,657,945</u>	<u>10,935,349</u>
Supporting activities:								
Management and general	2,105,262	38,591	58,185	-	-	-	154,473	2,356,511
Fund-raising and membership development	731,973	12,186	-	-	-	-	-	744,159
	<u>2,837,235</u>	<u>50,777</u>	<u>58,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,473</u>	<u>3,100,670</u>
Total Expenses	<u>8,733,262</u>	<u>226,155</u>	<u>2,259,082</u>	<u>-</u>	<u>-</u>	<u>5,102</u>	<u>2,812,418</u>	<u>14,036,019</u>
Change in Net Assets	142,747	(205,004)	(74,761)	406,343	(461,490)	(33,063)	332,643	107,415
Net Assets, Beginning of Year	<u>887,910</u>	<u>3,389,914</u>	<u>225,764</u>	<u>1,352,699</u>	<u>(54,672)</u>	<u>1,226,522</u>	<u>9,642,516</u>	<u>16,670,653</u>
Net Assets, End of Year	<u>\$ 1,030,657</u>	<u>\$ 3,184,910</u>	<u>\$ 151,003</u>	<u>\$ 1,759,042</u>	<u>\$ (516,162)</u>	<u>\$ 1,193,459</u>	<u>\$ 9,975,159</u>	<u>\$ 16,778,068</u>

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Activities—By Fund

Year Ended June 30, 2015

	CMDS General Fund	Facilities Fund	Medicines and Supplies Fund	Lifetime Memberships Fund	Annuity Fund	Endowment Fund	Missions and Other Restricted Funds	Total
INCOME:								
Support:								
Contributions	\$ 3,482,742	\$ -	\$ -	\$ -	\$ -	\$ 13,351	\$ 2,193,957	\$ 5,690,050
Dues—contribution portion	1,377,464	-	-	-	-	-	(75,350)	1,302,114
Noncash donations:				56,206				
Medicines and supplies	-	-	135,389	-	-	-	-	135,389
Securities and property	117,607	-	-	-	-	7,923	204,749	330,279
Services	-	-	2,115,239	-	-	-	-	2,115,239
Mission trips	2,498,814	-	-	-	-	-	(148,203)	2,350,611
	<u>7,476,627</u>	<u>-</u>	<u>2,250,628</u>	<u>56,206</u>	<u>-</u>	<u>21,274</u>	<u>2,175,153</u>	<u>11,979,888</u>
Revenue:								
Conferences and programs	418,661	-	-	-	-	-	514,887	933,548
Dues—member benefit portion	242,923	-	-	-	-	-	-	242,923
Placement service fees	136,260	-	-	-	-	-	-	136,260
Sales—net of returns and allowances	170,519	-	-	-	-	-	9,190	179,709
Investment income	187,356	-	-	11,489	-	10,538	30,618	240,001
Change in value of annuities	-	-	-	-	(32,764)	-	-	(32,764)
Change in value of perpetual trust	-	-	-	-	-	-	(125,818)	(125,818)
Gain on disposal of property	8,822	-	-	-	-	-	-	8,822
Other income	72,049	-	-	-	-	-	59,917	131,966
Transfers	(236,765)	21,157	(12,092)	(93,740)	-	(9,040)	330,480	-
	<u>999,825</u>	<u>21,157</u>	<u>(12,092)</u>	<u>(82,251)</u>	<u>(32,764)</u>	<u>1,498</u>	<u>819,274</u>	<u>1,714,647</u>
Total Support and Revenue	<u>8,476,452</u>	<u>21,157</u>	<u>2,238,536</u>	<u>(26,045)</u>	<u>(32,764)</u>	<u>22,772</u>	<u>2,994,427</u>	<u>13,694,535</u>

(continued)

CHRISTIAN MEDICAL & DENTAL SOCIETY
d/b/a CHRISTIAN MEDICAL & DENTAL ASSOCIATIONS

Statement of Activities—By Fund
(continued)

Year Ended June 30, 2015

	CMDS General Fund	Facilities Fund	Medicines and Supplies Fund	Lifetime Memberships Fund	Annuity Fund	Endowment Fund	Missions and Other Restricted Funds	Total
EXPENSES:								
Program services:								
Regional field ministries	2,028,364	92,922	-	-	-	-	425,470	2,546,756
Missions	2,891,384	88,566	2,249,495	-	-	-	1,331,587	6,561,032
Conferences and seminars	274,476	15,992	-	-	-	-	229,859	520,327
Publications and product sales	193,902	20,185	-	-	-	-	-	214,087
Placement service	139,048	18,409	-	-	-	-	-	157,457
Public affairs and public policy	271,570	16,214	-	-	-	-	-	287,784
Other	76,851	1,893	-	-	-	8,006	130,852	217,602
	<u>5,875,595</u>	<u>254,181</u>	<u>2,249,495</u>	<u>-</u>	<u>-</u>	<u>8,006</u>	<u>2,117,768</u>	<u>10,505,045</u>
Supporting activities:								
Management and general	1,938,843	(27,962)	40,650	-	-	-	76,315	2,027,846
Fund-raising and membership development	579,677	(169)	-	-	-	-	-	579,508
	<u>2,518,520</u>	<u>(28,131)</u>	<u>40,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,315</u>	<u>2,607,354</u>
Total Expenses	<u>8,394,115</u>	<u>226,050</u>	<u>2,290,145</u>	<u>-</u>	<u>-</u>	<u>8,006</u>	<u>2,194,083</u>	<u>13,112,399</u>
Change in Net Assets	82,337	(204,893)	(51,609)	(26,045)	(32,764)	14,766	800,344	582,136
Net Assets, Beginning of Year	805,573	3,594,807	277,373	1,378,744	(21,908)	1,211,756	8,842,172	16,088,517
Net Assets, End of Year	<u>\$ 887,910</u>	<u>\$ 3,389,914</u>	<u>\$ 225,764</u>	<u>\$ 1,352,699</u>	<u>\$ (54,672)</u>	<u>\$ 1,226,522</u>	<u>\$ 9,642,516</u>	<u>\$ 16,670,653</u>