JEREMIAH PROGRAM

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

JEREMIAH PROGRAM
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Jeremiah Program
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Jeremiah Program, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of activities, net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Jeremiah St. Paul Limited Partnership, which statements reflect total assets of $9,211,047 and $9,446,314 as of December 31, 2015 and 2014, respectively, and total revenues of $171,172 and $167,390, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Jeremiah St. Paul Limited Partnership, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial positions of Jeremiah Program as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
June 3, 2016

JEREMIAH PROGRAM
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	$ 529,767	$ 678,027
Restricted Cash	2,165,813	2,070,455
Accounts Receivable, Net	60,418	51,084
Current Portion of Pledges Receivable, Net	4,454,806	4,599,912
Prepaid Expenses	114,806	73,406
Other Receivables	-	3,559
Total Current Assets	7,325,610	7,476,443
PROPERTY, PLANT, AND EQUIPMENT		
Land and Improvements	1,672,786	1,672,786
Buildings and Improvements	15,990,782	15,957,615
Office Furniture and Equipment	444,129	406,775
Residential Furniture and Equipment	682,947	649,362
Capital Projects in Progress	78,596	20,358
Total	18,869,240	18,706,896
Less: Accumulated Depreciation	6,037,725	5,552,664
Net Property, Plant, and Equipment	12,831,515	13,154,232
OTHER ASSETS		
Investments	8,358,493	8,258,277
Assets Held in Trust	356,827	397,683
Restricted Reserves and Escrows	383,722	356,713
Long-Term Portion of Pledges Receivable, Net	539,896	426,906
Intangible Assets, Net	120,117	126,951
Total Other Assets	9,759,055	9,566,530
Total Assets	$ 29,916,180	$ 30,197,205

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	2015	2014
CURRENT LIABILITIES		
Accounts Payable	$ 71,438	$ 54,896
Accrued Payroll and Related Benefits	233,075	313,064
Accrued Real Estate Taxes	57,644	51,520
Deferred Revenue	-	25,800
Other Current Liabilities	17,788	21,514
Capital Lease Payable, Current	7,760	7,299
Total Current Liabilities	387,705	474,093
OTHER LIABILITIES		
Mortgages Payable, Net of Discount	2,799,665	2,724,775
Capital Lease Payable, Less Current Portion	2,695	10,456
Total Other Liabilities	2,802,360	2,735,231
Total Liabilities	3,190,065	3,209,324
NET ASSETS		
Unrestricted	1,289,753	1,561,318
Board Designated - Seasonal Cash Reserve	900,000	900,000
Board Designated - Operating Reserve	900,000	900,000
Board Designated - Capital Reserve	300,000	300,000
Board Designated - Endowment	3,659,077	3,680,845
Board Designated - Expansion Reserve	298,501	406,486
Board Designated - St. Paul Campus	4,310,683	4,040,844
Limited Partnership - Non-Controlling Interest	3,968,541	4,486,848
Total Unrestricted Net Assets	15,626,555	16,276,341
Temporarily Restricted	9,684,488	9,281,412
Permanently Restricted	1,415,072	1,430,128
Total Net Assets	26,726,115	26,987,881
Total Liabilities and Net Assets	$ 29,916,180	$ 30,197,205

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Grants and Contributions	$ 1,873,053	$ 1,825,274	$ 25,800	$ 3,724,127
Special Event Income (Net of Direct Benefits of $121,778)	542,424	-	-	542,424
Interest and Dividend Income	95,863	24,120	-	119,983
Rental Income	285,657	-	-	285,657
Child Care Income (Net of Subsidies of $61,291)	983,337	-	-	983,337
In-Kind Contributions	203,637	-	-	203,637
Other Support	13,030	-	-	13,030
Released from Restrictions	1,568,602	(1,545,376)	(23,226)	-
Total Revenue and Support	5,565,603	304,018	2,574	5,872,195
EXPENSE				
Program	4,208,768	-	-	4,208,768
Support Services:				
General and Administrative	615,382	-	-	615,382
Fundraising	1,336,784	-	-	1,336,784
Total Support Services	1,952,166	-	-	1,952,166
Total Expense	6,160,934	-	-	6,160,934
CHANGE IN NET ASSETS FROM OPERATIONS	(595,331)	304,018	2,574	(288,739)
NON-OPERATING INCOME (EXPENSE)				
Loss on Investments	(54,455)	(15,942)	-	(70,397)
Change in Assets Held in Trust	-	-	(17,630)	(17,630)
Contributions for Future Capital Projects	-	115,000	-	115,000
Total Nonoperating Income (Expense)	(54,455)	99,058	(17,630)	26,973
CHANGE IN NET ASSETS	(649,786)	403,076	(15,056)	(261,766)
Change in Net Assets Attributable to the Non-Controlling Interest	518,307	-	-	518,307
CHANGE IN NET ASSETS - CONTROLLING INTEREST	$ (131,479)	$ 403,076	$ (15,056)	$ 256,541

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Grants and Contributions	$ 1,163,212	$ 2,413,042	$ -	$ 3,576,254
Special Event Income (Net of Direct Benefits of $136,133)	542,580	-	-	542,580
Interest and Dividend Income	108,556	20,867	-	129,423
Rental Income	236,619	-	-	236,619
Child Care Income (Net of Subsidies of $61,875)	918,654	-	-	918,654
In-Kind Contributions	119,530	-	-	119,530
Other Support	3,496	-	-	3,496
Released from Restrictions	2,013,411	(1,990,614)	(22,797)	-
Total Revenue and Support	5,106,058	443,295	(22,797)	5,526,556
EXPENSE				
Program	3,711,559	-	-	3,711,559
Support Services:				
General and Administrative	482,999	-	-	482,999
Fundraising	1,122,843	-	-	1,122,843
Total Support Services	1,605,842	-	-	1,605,842
Total Expense	5,317,401	-	-	5,317,401
CHANGE IN NET ASSETS FROM OPERATIONS	(211,343)	443,295	(22,797)	209,155
NON-OPERATING INCOME (EXPENSE)				
Gain on Investments	286,188	76,082	-	362,270
Change in Assets Held in Trust	-	-	10,032	10,032
Contributions for Future Capital Projects	-	3,743,923	-	3,743,923
Non-Operating Income (Expense)	73,000	-	-	73,000
Total Nonoperating Income (Expense)	359,188	3,820,005	10,032	4,189,225
CHANGE IN NET ASSETS	147,845	4,263,300	(12,765)	4,398,380
Change in Net Assets Attributable to the Non-Controlling Interest	496,930	-	-	496,930
CHANGE IN NET ASSETS - CONTROLLING INTEREST	$ 644,775	$ 4,263,300	$ (12,765)	$ 4,895,310

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF NET ASSETS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
BALANCE, DECEMBER 31, 2013	$ 16,128,496	$ 5,018,112	$ 1,442,893	$ 22,589,501
Change in Net Assets	147,845	4,263,300	(12,765)	4,398,380
BALANCE, DECEMBER 31, 2014	16,276,341	9,281,412	1,430,128	26,987,881
Change in Net Assets	(649,786)	403,076	(15,056)	(261,766)
BALANCE, DECEMBER 31, 2015	$ 15,626,555	$ 9,684,488	$ 1,415,072	$ 26,726,115

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program	General and Administrative	Fundraising	Total
Salaries	$ 1,849,310	$ 395,088	$ 724,093	$ 2,968,491
Benefits	173,648	24,791	58,725	257,164
Payroll Taxes	160,088	29,052	57,165	246,305
Total Personnel Costs	2,183,046	448,931	839,983	3,471,960
Campaign Consultants	-	-	60,200	60,200
Accounting and Payroll Services	-	13,961	-	13,961
Professional Fees	36,361	39,020	176,889	252,270
Contract Services	109,244	19,660	19,219	148,123
Education Expenses	41,872	-	-	41,872
Childcare Expenses	114,628	-	-	114,628
Other Program Expenses	138,820	3,440	-	142,260
Occupancy	679,940	6,958	13,916	700,814
Telephone	15,550	13,404	4,985	33,939
Printing	6,168	3,872	28,867	38,907
Postage	2,309	2,176	6,522	11,007
Meetings	9,177	3,333	6,142	18,652
Bank Service Charges	1,019	1,955	357	3,331
Office Supplies	41,021	19,500	10,207	70,728
Dues and Subscriptions	2,601	1,011	4,163	7,775
Advertising	8,865	146	37,688	46,699
Equipment Rental	8,249	12,332	15,398	35,979
Insurance	4,368	2,722	1,475	8,565
Staff Development	12,996	121	1,895	15,012
Travel	20,280	5,598	8,404	34,282
Volunteer Recognition	7,487	534	2,336	10,357
Special Event and Promotional Expense	13,734	-	61,392	75,126
Bad Debt Expense	519	-	18,222	18,741
Depreciation and Amortization	477,487	4,803	9,605	491,895
Interest	73,531	749	1,498	75,778
Miscellaneous	9,680	1,716	3,040	14,436
Total Expense	4,018,952	605,942	1,332,403	5,957,297
In-Kind Expenses	189,816	9,440	4,381	203,637
Total Expense	$ 4,208,768	$ 615,382	$ 1,336,784	$ 6,160,934

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program	General and Administrative	Fundraising	Total
Salaries	$ 1,614,030	$ 288,675	$ 582,852	$ 2,485,557
Benefits	150,807	20,224	41,453	212,484
Payroll Taxes	158,285	25,288	52,465	236,038
Total Personnel Costs	1,923,122	334,187	676,770	2,934,079
Campaign Consultants	-	-	56,000	56,000
Accounting and Payroll Services	-	9,657	-	9,657
Professional Fees	55,988	58,200	72,204	186,392
Contract Services	13,044	23,021	49,302	85,367
Education Expenses	101,291	-	-	101,291
Childcare Expenses	125,594	-	-	125,594
Other Program Expenses	52,743	-	250	52,993
Occupancy	636,782	5,092	12,266	654,140
Telephone	24,222	4,050	4,463	32,735
Printing	10,093	779	48,164	59,036
Postage	3,465	617	4,719	8,801
Meetings	11,723	1,448	6,713	19,884
Bank Service Charges	-	2,776	-	2,776
Office Supplies	28,618	7,886	6,797	43,301
Dues and Subscriptions	5,204	648	1,436	7,288
Advertising	2,617	180	765	3,562
Equipment Rental	16,173	8,240	10,976	35,389
Insurance	990	8,235	234	9,459
Staff Development	6,519	2,758	878	10,155
Travel	32,067	1,158	17,562	50,787
Volunteer Recognition	7,812	105	2,565	10,482
Special Event and Promotional Expense	7,900	-	84,419	92,319
Bad Debt Expense	5,199	-	31,187	36,386
Depreciation and Amortization	466,823	6,504	12,798	486,125
Interest	73,021	177	157	73,355
Miscellaneous	7,558	727	2,233	10,518
Total Expense	3,618,568	476,445	1,102,858	5,197,871
In-Kind Expenses	92,991	6,554	19,985	119,530
Total Expense	$ 3,711,559	$ 482,999	$ 1,122,843	$ 5,317,401

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (261,766)	$ 4,398,380
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense	491,895	486,125
Unrealized (Gains) Losses	268,461	(360,162)
Realized Gains	(198,064)	(2,108)
Change in Value of Assets Held in Trust	17,630	(10,032)
Contributions Restricted for Financing Activities	(115,000)	(3,600,000)
Debt Forgiveness Income	-	(73,000)
Noncash Interest	74,890	72,034
(Increase) Decrease in Current Assets:		
Accounts Receivable	(9,334)	(5,109)
Pledges Receivable	42,115	(52,641)
Prepaid Expenses	(41,400)	3,222
Other Receivables	3,559	(3,559)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	16,542	(27,622)
Accrued Payroll and Related Benefits	(79,989)	74,258
Accrued Real Estate Taxes	6,124	(2,326)
Deferred Revenue	(25,800)	-
Other Liabilities	(3,726)	(5,040)
Net Cash Provided by Operating Activities	186,137	892,420
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,583,613)	(567,184)
Proceeds from Sale of Investments	2,436,226	159,866
Purchase of Property and Equipment	(162,344)	(50,851)
Change in Restricted Reserves and Escrows	(27,009)	(11,831)
Net Cash Used by Investing Activities	(336,740)	(470,000)

See accompanying Notes to Consolidated Financial Statements.

JEREMIAH PROGRAM
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (Payments) from Contributions Restricted for:		
Capital Expansion	105,001	143,923
Payments on Capital Lease Liability	(7,300)	(6,866)
Net Cash Provided by Financing Activities	97,701	137,057
NET INCREASE (DECREASE) IN CASH	(52,902)	559,477
Cash - Beginning of Year	2,748,482	2,189,005
CASH - END OF YEAR	$ 2,695,580	$ 2,748,482
CASH CONSISTS OF:		
Cash	$ 529,767	$ 678,027
Restricted Cash	2,165,813	2,070,455
Total Cash	$ 2,695,580	$ 2,748,482

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Jeremiah Program (the Organization), a non-profit corporation headquartered in Minneapolis, Minnesota, provides a transformational experience for low-income single mothers and their children. Jeremiah's mission is to transform families from poverty to prosperity. The program's vision is to advance the two-generation approach to ending poverty by accelerating impact and reach through innovative program delivery and a national Jeremiah platform. Core services include support for a career-track college education, quality early childhood education for the children, secure safe and affordable housing, life skills and empowerment training, and a supportive community.

The model combines a unique set of services delivered by qualified staff with support from professional volunteers and community alliances. The first Jeremiah campus opened in Minneapolis, MN, in 1998 and currently has capacity for 39 families. The second campus opened in 2007 in Saint Paul, MN, with capacity for 38 families. Phase one of a campus with four units of housing opened in Austin, TX, in fall 2013, and we broke ground on a permanent campus in November 2015 that will serve 35 additional families. Programming is underway in Fargo, ND-Moorhead, MN, and Jeremiah expects to break ground on a campus in Fargo in late 2016. In addition, we have begun pilot programs in Boston, MA. In 2015, Jeremiah provided technical assistance to partners in 18 cities who are evaluating the potential of bringing Jeremiah to their communities.

Jeremiah Program's target population is low-income single mothers who have a high school diploma or GED equivalent; their children must be age five or younger at the time of application. Participants are required to be enrolled in a post-secondary school or vocational training program, and must commit to work at least part-time and engage in life skills education and coaching while in residence.

The most recent figures show that 82% of graduates who moved out in 2015 were employed and earning an average wage of $15.78, up 67% since they started at Jeremiah. Our most recent graduates report that 67% have household incomes over $30,000, 73% have received a raise in the last 12 months, and 80% report a decrease in dependence on public assistance. Further, 89% of graduates said that they could afford safe housing. The goals for these determined young women are to complete a post-secondary education within three years of admission and obtain full-time employment at a livable wage with benefits upon graduation. The goal for children is to prepare them socially, emotionally, and cognitively for school success. In 2015, 82% of our children were performing above developmental benchmarks for age-appropriate skills, based on the national Ages and Stages Questionnaire (ASQ). Additionally, a survey of alumnae from 2010-2014 revealed that 76% of their children were performing at or above grade level.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organizational Purpose (Continued)

Families often enter Jeremiah Program after traumatic, isolating experiences in poverty. Most lack stable housing and any type of a support network. The desired lasting impact is for families to achieve economic self-reliance and become contributing citizens. An investment in these families at this critical time in their lives provides a meaningful return on investment. A recent study by Wilder Research showed that a $1 investment in these families can return up to $4 to society through decreased dependence upon public assistance, increased taxable earnings, and reduced costs associated with crime and special education.

In 2015, Jeremiah Program transformed the lives of nearly 500 women and children nationally through its proven approach.

Principles of Consolidation

The consolidated financial statements include the accounts of Jeremiah Program and Jeremiah St. Paul Limited Partnership (the Partnership). The General Partner of the Partnership is TJP St. Paul LLC, whose sole member is Jeremiah Program, a non-profit corporation.

All intercompany accounts and transactions have been eliminated.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of trustees has discretionary control. The board designated amounts represent those amounts which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

All three categories of net assets were held at December 31, 2015 and 2014.

Non-operating activities represent activities associated with gains and losses on investments, changes in assets held in trust, and nonrecurring non-operating income/expense.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Reserves and Escrows

Reserves and escrows represent funds held and restricted by the Organization for various purposes. See Note 11 for further detail.

Reclassifications

Certain amounts appearing in the 2014 financial statements have been reclassified to conform with the 2015 presentation. The reclassifications have no effect on reported amounts of total net assets or change in total net assets.

Investments

Investments are valued at market value, in accordance with generally accepted accounting principles. Accordingly, unrealized gains and losses are recognized in the statements of activities.

Accounts Receivable

The Organization provides an allowance for uncollectible accounts based on the reserve method using management's judgment considering historical information. Services are sold on an unsecured basis. Payment is required 30 days after receipt of the invoice. Accounts past due for more than 120 days are individually analyzed for collectability. An allowance is provided for accounts between 30 and 120 days when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written-off against the related allowance. At both December 31, 2015 and 2014, the allowance was $3,700.

Pledges Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received.

Conditional promises to give are recognized as revenue when the conditions are substantially met. One conditional promise to give, totaling $200,000 and $250,000 was outstanding at December 31, 2015 and 2014, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment and Depreciation

Property, plant and equipment are capitalized at cost or, if donated, at the approximate fair value at the date of donation for those items over $5,000. If donors stipulate how long assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. The Organization uses the straight-line method of depreciation over a useful life of three to ten years for furniture and equipment and over a useful life of thirty-five to forty years for the buildings.

Intangible Assets

Intangible assets include tax credit fees which are being amortized over ten years using the straight line method and financing fees which are being amortized over the term of the related debt using the straight-line method and are recorded net of accumulated amortization. For the years ended December 31, 2015 and 2014, accumulated amortization totaled $56,405 and $49,571, respectively.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor as to time period or use. Unconditional promises to give are recorded as revenue when the Organization receives the promise. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. The Organization shows all temporarily restricted contributions whose restrictions are met in the same year as restricted contributions and a reclassification through releases from restriction.

Deferred Revenue

Deferred revenue relates to money received with a conditional match restriction. Contribution revenue will be recognized as the condition is satisfied.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis. The vast majority of staff costs and other expenses are recorded directly to cost center by function. For staff that devote time to multiple functions, their salaries and related expenses are allocated to program and supporting services based on time spent by function. Indirect costs are allocated based on square footage or full-time equivalents by function.

Functional breakout of expansion expense varies by location based on stage in their development. Raising the funds to build a campus drives higher fundraising expenses until the campus is complete and programming is fully operational. Therefore, fundraising expenses as a percentage of total expense is slightly higher for total Jeremiah Program. The percentage of program expenses was 68% for 2015 and 70% for 2014. For fully operational flagship campuses in Minneapolis / St. Paul the percentage of program expense was 79% for 2015 and 77% for 2014.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Occupancy

Occupancy expense includes maintenance, custodial, utilities, property insurance, property taxes, and on-site property manager salaries relating to the rental operations of both fully operational Jeremiah campuses.

Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state tax codes, and therefore the financial statements do not include a provision for income taxes. Contributions to the Organization qualify as a charitable tax deduction by the contributor. The Organization files as a tax exempt organization. Should that status be challenged in the future, all years since inception would be subject to review by the IRS.

The Partnership is not a taxpaying entity, thus, no provision for income taxes has been recorded in the consolidated financial statements. All tax effects of the Partnership are passed through to the Partners.

Fair Value of Financial Instruments

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 3, 2016, the date the financial statements were available to be issued.

NOTE 2 CASH AND RESTRICTED CASH

	2015	2014
Checking	$ 877,674	$ 927,532
Savings	1,817,906	1,820,950
Total Cash and Restricted Cash	$ 2,695,580	$ 2,748,482

Restricted cash balances include Austin specific accounts with balances of $2,165,813 and $2,070,455 for local expansion activity for the years ended December 31, 2015 and 2014, respectively. Also, a significant portion of fundraising is done in the last quarter of each year resulting in higher year-end cash balances which are used to support seasonal cash flow needs in the new year. Refer to Note 8 on Seasonal Cash Reserves.

The Organization maintains bank accounts which at times may exceed federally insured limits.

NOTE 3 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

Year Ending December 31,	Operating	Capital	Total
2016	$ 748,806	$ 3,721,000	$ 4,469,806
2017	151,200	92,000	243,200
2018	77,700	75,333	153,033
2019	42,500	75,000	117,500
2020	10,625	-	10,625
2021	10,000	-	10,000
Thereafter	40,000	-	40,000
Total Pledge Receivable	1,080,831	3,963,333	5,044,164
Less: Discount	(18,277)	(16,185)	(34,462)
Allowance for Doubtful Accounts	(15,000)	-	(15,000)
Total	$ 1,047,554	$ 3,947,148	$ 4,994,702

The interest rate utilized for computing the discount for long-term pledges was the Organization's three-year average interest rate obtained on investments which was approximately 1.6% and 1.8% as of December 31, 2015 and 2014, respectively.

Receivables from one contributor, specifically for building capital represented 68% of Pledge Receivables for the year ended December 31, 2015. Receivables from one contributor, specifically for building capital, represented 69% of Pledge Receivables for the year ended December 31, 2014. If large pledges are not received, it might have a significant effect on the Organization's programs and activities.

NOTE 4 ASSETS HELD IN TRUST

In 2009, the Organization was named a 6.67% beneficiary in a perpetual trust. Under the terms of the trust agreement, the trustee will disburse earnings, up to 5% per year, to the Organization. The trust distributed $23,226 and $22,797 of earnings to Jeremiah Program during the years ended December 31, 2015 and 2014, respectively. See Note 12 for further detail.

NOTE 5 INVESTMENTS

Investments consist of the following:

	2015	2014
Securities	$ 4,286,878	$ 4,763,347
Bonds	1,165,470	1,306,968
Money Market and Short-Term Instruments	2,906,145	2,187,962
Total	$ 8,358,493	$ 8,258,277

NOTE 5 INVESTMENTS (CONTINUED)

Investment income consists of the following:

	2015	2014
Interest and Dividend Income	$ 119,983	$ 129,358
Realized Gains	198,064	2,108
Unrealized Gains (Losses)	(268,461)	360,162
Total	$ 49,586	$ 491,628

NOTE 6 MORTGAGES PAYABLE

The balances as of December 31 were as follows:

Description	2015	2014
0% Mortgage payable to Minnesota Housing Finance Agency. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	$ 200,000	$ 200,000
0% Mortgage payable to Family Housing Fund. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	250,000	250,000
1% per annum simple interest, mortgage payable to Minneapolis Community Development Agency. Loan matures on November 1, 2032. Secured by all assets of Minneapolis campus.	452,000	448,000
0% mortgage payable to Minneapolis Community Development Agency NRP loan. The loan will be forgiven if no event of default occurs before November 1, 2032. Secured by all assets of Minneapolis campus.	1,000,000	1,000,000
0% mortgage payable to Minnesota Housing Finance Agency Minnesota Families Affordable Rental Investment Fund Program. The loan will be forgiven if no event of default occurs before November 1, 2032. Secured by all assets of Minneapolis campus.	1,795,800	1,795,800
0% mortgage payable to Family Housing Fund. Loan matures on December 18, 2037. Secured by assets of St. Paul Campus.	300,000	300,000
0% mortgage payable to the Minnesota Housing Finance Agency (MHFA). Loan matures March 4, 2038. Secured by assets of St. Paul Campus.	550,000	550,000
Total	4,547,800	4,543,800
Less: Current Portion of Mortgage Payable	-	-
Less: Discount on Below-Market Interest	1,748,135	1,819,025
Total	$ 2,799,665	$ 2,724,775

NOTE 6 MORTGAGES PAYABLE (CONTINUED)

Maturities on the debt are as follows:

Year Ending December 31,	Amount
2016	$ -
2017	-
2018	-
2019	-
2020	-
Thereafter	4,547,800
Total Debt Before Discount	4,547,800
Less: Present Value Discount for Low Interest Loans	(1,748,135)
Total Debt	$ 2,799,665

The Organization has received mortgages payable that are interest free or have below market interest rates. In accordance with nonprofit accounting standards, at the inception of these mortgages, interest was imputed using the market rate at that date and the corresponding discount and temporarily restricted contributions were recorded for the difference between the fair value of the loans at the market rates and the value of the loans at their stated rate. As the loans amortize, interest expense is recognized by reducing the recorded discount, and a corresponding amount is recorded as released from the temporarily restricted net asset category. A present value discount of 3%-4% is applied to below market rate loans.

NOTE 7 CAPITAL LEASE

During 2012, the Organization entered into a capital lease for office equipment. At December 31, 2015, the gross cost of equipment under the capital lease is $35,168 and the corresponding accumulated depreciation is $25,791. Depreciation of the office equipment under capital lease is included in depreciation expense.

Description	Amount
Capital Lease Payable - Office Equipment; Monthly Installments through 4/30/2017	$ 10,455
Less: Current Maturities of Capital Lease Payable	(7,760)
Capital Lease Payable Net of Current Maturities	$ 2,695

NOTE 7 CAPITAL LEASE (CONTINUED)

Future capital lease payments, including interest, are as follows:

Year Ending December 31,	Amount
2016	$ 8,187
2017	2,729
Total	10,916
Less: Amount Representing Interest on Capital Lease Payable	(461)
Net Minimum Capital Lease Payments	$ 10,455

NOTE 8 NET ASSETS

Temporarily Restricted Net Assets

Net assets temporarily restricted consist of the following donor restrictions:

	2015	2014
Purpose and Time Restricted:		
Austin - Start-up Activity	$ 6,494,519	$ 5,899,587
Fargo-Moorhead - Start-up Activity	633,615	447,434
National Office Activity	295,762	512,630
MSP - Jeremiah Works!	40,000	30,000
MSP - Misc. Purpose	-	5,450
MSP - Scholarships	2,937	244
MSP - Enhanced Fieldtrips	4,081	-
MSP - Endowment Earnings	136,698	260,771
MSP - Time Restricted	328,741	306,271
Total Purpose and Time Restricted Donations	7,936,353	7,462,387
Restricted for Future Period Loan Amortization	1,748,135	1,819,025
Total Temporarily Restricted	$ 9,684,488	$ 9,281,412

*MSP = Minneapolis/St. Paul campuses.

NOTE 8 NET ASSETS (CONTINUED)

Net Assets Released from Restrictions

	2015	2014
Campus Capital Projects	$ 58,238	$ 20,358
Child Development	98,367	65,450
Jeremiah Works!	30,000	4,700
Family Services	-	16,278
Empowerment	4,639	83,328
Affordable Housing	39,356	17,385
Scholarships	8,850	5,809
Advance Mission	100,000	382,000
Systems Technology	37,000	-
Father's Project	75,000	-
Executive Director Hire	75,600	24,400
Misc. Purpose	24,044	31,175
Alumnae Services	-	25,000
Security/Safety	-	18,894
Program Evaluation	100,000	-
Leadership Summit	40,000	-
Endowment Distribution	132,251	38,834
Total Purpose Restrictions Released	823,345	733,611
Operating Restrictions Released	35,000	604,573
Time Restrictions Released	687,031	652,430
Total Net Assets Released from Restrictions	$ 1,545,376	$ 1,990,614

Board Designated Net Assets

Board designated net assets consists of the following:

	2015	2014
Board Designated - Seasonal Cash Reserve	$ 900,000	$ 900,000
Board Designated - Operating Reserve	900,000	900,000
Board Designated - Capital Reserve	300,000	300,000
Board Designated - Endowment	3,659,077	3,680,845
Board Designated - Expansion Reserve	298,501	406,486
Board Designated - St. Paul Campus	4,310,683	4,040,844
Total Board Designated Net Assets	$ 10,368,261	$ 10,228,175

Seasonal Cash Reserve

The seasonal cash reserve was established to ensure sufficient cash is available to cover operating expenses during the first several months each year, as a significant portion of budgeted contribution and special event revenue does not occur until the latter part of the year.

Operating Reserve

As provided for in the Organization's Financial Resource Use Policy implemented in 2009, the operating reserve exists to address budget shortfalls and is available for use with board approval. Any shortfall to the target balance should be replenished with future years' excess revenue.

NOTE 8 NET ASSETS (CONTINUED)

Capital Reserve

The capital reserve was established in anticipation of future capital replacements and improvements. Capital reserves are intended for large planned or emergency capital needs when current year funding is not available to cover expenditures. A separate capital reserve was established in 2009 and is increased periodically with board approval in anticipation of future capital replacements and improvements.

Endowment

The endowment reserve is designated for long term investment and was established for the purpose of providing additional income to support Minneapolis/St. Paul campus operations. See Note 12 for further detail.

St. Paul Campus

Funds designated for the St. Paul Campus represent the Organization's investment in property and equipment for that campus. This includes those funds that have been provided for the start up and operation of the St. Paul campus.

Expansion Reserve

Expansion reserves are intended to cover some of the costs associated with exploration and start-up in new communities.

Limited Partnership – Non-Controlling Interest

Limited Partnership Non-Controlling Interest represents the limited partner's share of equity in the Jeremiah St. Paul Limited Partnership. The limited partner is NEF Community Investment Fund II, L.P.

Change in consolidated unrestricted net assets is as follows:

	Total	Controlling Interest	Non-Controlling Interest
Balance at December 31, 2013	$ 16,128,496	$ 11,144,718	$ 4,983,778
Change in Unrestricted Net Assets	147,845	644,775	(496,930)
Balance at December 31, 2014	16,276,341	11,789,493	4,486,848
Change in Unrestricted Net Assets	(649,786)	(131,479)	(518,307)
Balance at December 31, 2015	$ 15,626,555	$ 11,658,014	$ 3,968,541

NOTE 9 DONATED GOODS AND SERVICES

The Organization may receive goods and services without payment or compensation. When the value of such goods and services meets recognition criteria, it is reflected in the accompanying consolidated financial statements as revenues and expenses in accordance with generally accepted accounting principles. For the years ended December 31, 2015 and 2014, the value of contributed goods and services recognized in the accompanying consolidated statements of activities was $203,637 and $119,530, respectively.

Other donated goods and services have not been recognized in these consolidated financial statements due to not meeting this criteria, however, a substantial number of individuals have donated significant amounts of time and/or goods to the Organization.

NOTE 10 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of December 31, 2015 and 2014:

December 31, 2015				
Assets:	Level 1	Level 2	Level 3	Total
Securities	$ 4,286,878	$ -	$ -	$ 4,286,878
Bonds	1,165,470	-	-	1,165,470
Money Market and Short-Term Instruments	2,906,145	-	-	2,906,145
Total	8,358,493	-	-	8,358,493
Assets Held in Trust	-	-	356,827	356,827
Total	$ 8,358,493	$ -	$ 356,827	$ 8,715,320

December 31, 2014				
Assets:	Level 1	Level 2	Level 3	Total
Securities	$ 4,763,347	$ -	$ -	$ 4,763,347
Bonds	1,306,968	-	-	1,306,968
Money Market and Short-Term Instruments	2,187,962	-	-	2,187,962
Total	8,258,277	-	-	8,258,277
Assets Held in Trust	-	-	397,683	397,683
Total	$ 8,258,277	$ -	$ 397,683	$ 8,655,960

Unrealized changes in fair value for investments and realized gains and losses from sales are recorded in non-operating income (expense) in the consolidated statements of activities.

The changes in investment measured at fair value using Level 3 inputs are reflected below:

	2015	2014
Balance, beginning of year	397,683	410,448
Distributions	(23,226)	(22,797)
Change in value	(17,630)	10,032
Balance, end of year	356,827	397,683

NOTE 11 PARTNERSHIP AGREEMENT REQUIREMENTS

The following items are requirements of the general partner under the Jeremiah St. Paul Limited Partnership (the Partnership). TJP St. Paul LLC is the general partner, whose sole member is Jeremiah Program; therefore Jeremiah Program will be ultimately responsible to ensure compliance with these requirements.

Escrows and Reserves

The mortgages and partnership agreement require the Partnership to fund the following:

Operating Reserve – An operating reserve of $215,000 was funded on the date of the fourth installment of the Limited Partners' capital contribution. To the extent funds are available from cash flow, a balance of at least $200,000 is to be maintained in the operating reserve account during the compliance period. The funds may be used to fund operating deficits and for other uses benefiting the Project. Withdrawals from the reserve require written approval of the General Partner and National Equity Fund, Inc. (NEF). Upon the end of the compliance period, any remaining reserve funds will be used to pay exit taxes and distributed according to the Partnership Agreement. The reserve was properly funded at December 31, 2015.

Replacement Reserve – A replacement reserve in the amount of $30,000 was funded on the date of the fourth installment of the Limited Partners' capital contribution, and thereafter in the amount of $364 per unit per year increasing 3% annually. This reserve may be used to make capital improvements and repairs to the Project. Withdrawals from the reserve in excess of $5,000 in any given month require the written approval of the General Partner and NEF. Any remaining funds at the end of the compliance period (December 31, 2022), subject to Lender consent, will be used to pay exit taxes and distributed according to the Partnership Agreement. The reserve was properly funded at December 31, 2015.

In addition, mortgages require that real estate taxes, special assessments, insurance premiums, and other charges will be escrowed monthly.

Annual General Partner Capital Contribution

The General Partner will make additional annual capital contributions on or before January 15th of each year during the term of the loans in an amount equal to the lesser of (1) $220,000, increasing at 3% per annum, or (2) subject to the Limited Partners' consent, an amount where the Partnership can maintain Breakeven Operations. The General Partner has contributed $260,000 and $283,000 for the years ended December 31, 2015 and 2014, respectively.

NOTE 11 PARTNERSHIP AGREEMENT REQUIREMENTS (CONTINUED)

Transactions with Affiliates

The Partnership Agreement provides for various obligations of the General Partner including construction completion and repairing latent defects that occur within one year of completion of construction. This obligation is limited to an amount equal to the lesser of (1) twenty-five percent of the final executed construction contract cost of the Project, or (2) forty percent of the Limited Partner's Capital Contribution. Additional obligations include providing funds for operating deficits and a guaranty of housing tax credits. The General Partner is obligated to provide any funds needed, after all funds in the operating deficit reserve account have been used to fund operating deficits, limited to $121,000. The guaranty will be in effect from the achievement of breakeven operations to the later of one year from breakeven operations or twelve consecutive calendar months of debt service coverage of 1.00 or better.

Commitments and Contingencies

The Partnership's sole asset is the Project. The Partnership's operations are concentrated in the Saint Paul, Minnesota multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to rules and regulations of federal, state and local governmental agencies. Changes may occur with little notice or inadequate funding to pay for the related costs to comply with a change.

The Partnership's housing tax credits are contingent on its ability to maintain compliance with applicable sections of Internal Revenue Code Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the Limited Partner.

The Partnership is subject to an extended use agreement between the Partnership and the Housing and Redevelopment Authority of the City of Saint Paul on behalf of the Minneapolis / Saint Paul Housing Finance Board. The agreement was made in accordance with Section 42(h)(6) of the Internal Revenue Code and requires the Project to maintain low income occupancy (subject to tenant income and rent limits) for 15 years beyond the compliance period (for a total of 30 years). The extended use period ends on December 31, 2037.

Property Purchase Option

The Partnership has granted Jeremiah an option to purchase partnership property or purchase the Limited Partners limited partnership interest at the end of the housing tax credit compliance period at a price which would facilitate the purchase while protecting the Limited Partner's tax benefits from the Project. Jeremiah has also been granted a right of first refusal to purchase Partnership property.

NOTE 12 ENDOWMENT

The Organization has a board designated endowment fund established for the purpose of providing income to support operations. The Organization also is the beneficiary of a perpetual trust that is classified as a permanently restricted endowment fund. In addition during 2011, the Organization began receiving contributions for a permanent endowment. While future campus communities may establish endowment funds, currently the Organization’s endowment consists of 3 individual funds established for providing income to support it Minneapolis/St. Paul campus operations.

As required by GAAP, net assets of the endowment fund, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As a result of this interpretation, the Organization classifies the board designated endowment assets as unrestricted net assets.

The Organization's Endowment Policy allows for a 3-5% distribution from Endowment funds annually that is based on rolling 12 quarter average of both unrestricted and permanently restricted endowment balances.

The Organization invests its endowment funds in a portfolio including a liquid money market account, mutual funds consisting of short-term treasury investments, inflation-protected securities, total bond market, and large-cap stocks, in addition to exchange traded funds, with the objective of preservation of capital and long-term capital appreciation. The portfolio investment return objective is to produce returns over time at a moderate level of risk to invested capital.

In 2010, the board designated endowment fund was increased to $2.5 million to recognize certain legacy gifts, in conjunction with plans to grow a formal endowment over the next several years to further support Minneapolis / St. Paul campus operations.

Interpretation of Relevant Law

The Board of Directors of Jeremiah Program has interpreted the Minnesota 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 fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds, if any that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

In accordance with UPMIFA, the Organization 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 organization and the donor-restricted endowment fund
(3) General economic conditions

NOTE 12 ENDOWMENT (CONTINUED)

(Interpretation of Relevant Law (Continued)

(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 organization
(7) The investment policies of the organization

Endowment net asset composition by type and changes in endowment net assets for the years ended December 31, 2015 and 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
December 31, 2015				
Board-Designated Endowment Funds	$ 3,659,077	$ -	$ -	$ 3,659,077
Donor-Restricted Endowment Funds	-	136,698	1,058,245	1,194,943
Permanent Trusts	-	-	356,827	356,827
Total Funds	$ 3,659,077	$ 136,698	$ 1,415,072	$ 5,210,847

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
December 31, 2014				
Board-Designated Endowment Funds	$ 3,680,845	$ -	$ -	$ 3,680,845
Donor-Restricted Endowment Funds	-	260,771	1,032,445	1,293,216
Permanent Trusts	-	-	397,683	397,683
Total Funds	$ 3,680,845	$ 260,771	$ 1,430,128	$ 5,371,744

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, December 31, 2013	$ 3,508,715	$ 202,656	$ 1,442,893	$ 5,154,264
Contributions	130	-	-	130
Earnings:				
Interest and Dividends	71,823	20,867	-	92,690
Realized and Unrealized Gains and Losses	216,343	76,082	10,032	302,457
	288,166	96,949	10,032	395,147
Transfers to Endowment	-	-	-	-
Appropriations	(116,166)	(38,834)	(22,797)	(177,797)
Endowment Fund Balance, December 31, 2014	3,680,845	260,771	1,430,128	5,371,744
Contributions	100	-	25,800	25,900
Earnings:				
Interest and Dividends	70,433	24,120	-	94,553
Realized and Unrealized Gains and Losses	(46,551)	(15,942)	(17,630)	(80,123)
	23,882	8,178	(17,630)	14,430
Transfers to Endowment	-	-	-	-
Appropriations	(45,750)	(132,251)	(23,226)	(201,227)
Endowment Fund Balance, December 31, 2015	$ 3,659,077	$ 136,698	$ 1,415,072	$ 5,210,847

NOTE 13 EXPANSION

During the past few years, program related expenses as a percent of total expenses have declined. This change is due to the administrative and fundraising cost associated with new campus start-up and also central office investment in infrastructure to support multiple campuses. In 2012, program expenses as a percentage of total expense was 74% where as in 2015 and 2014, were 68% and 70%, respectively. As each new campus community becomes fully operational the program expense ratios will improve, however these improvements will be offset as other communities enter the pipeline and begin major fundraising for campus start-up.

NOTE 14 COMMITMENTS AND FUTURE EXPANSION

The Organization is in the process of constructing a new campus in Austin, TX. Campus development is underway and is being done in partnership with Guadalupe Neighborhood Development Corporation (GNDC), a low income nonprofit housing developer and property management organization. GNDC provided the land for the Jeremiah Program site and is the developer for the project, working closely with Jeremiah Program Austin Building Committee.

A legal housing partnership has been formed with GNDC Sadaña GP, LLC (GNDC is sole member) and Jeremiah Program Austin, LLC (Jeremiah Program is the sole member) under the legal name of Guadalupe Jeremiah Limited Partnership. The estimated cost of the campus development project is $8,219,943 and will provide safe affordable housing, early childhood education, life skills training, career track coaching, and a supportive community, serving 35 low income families in addition to the 4 families currently being served through other GNDC housing.

As of December 31, 2015, $6,724,637 has been raised toward the campus development project. Of this amount, Jeremiah Program has raised $4,582,923 and GNDC has raised or contributed $2,141,714 toward the total development project, which includes $2,000,000 of HIF funding through the City of Austin in the form of a non-interest bearing loan that is forgivable at the end of its term. The remaining $1,495,306 is to be raised jointly by Jeremiah Program and GNDC with final ownership percentages being calculated on the amounts raised. The project is expected to be completed, with campus fully operational, by the fall of 2016.

NOTE 14 COMMITMENTS AND FUTURE EXPANSION (CONTINUED)

Jeremiah Program is currently raising funds to develop a Jeremiah campus in Fargo, North Dakota to serve 20 low income families in the Fargo-Moorhead area. The estimated cost of the project is $4,587,585, however no construction contract was yet signed as of December 31, 2015. As of December 31, 2015, there was $3,025,000 committed for this project that includes up to $2,200,000 in HIF funds through North Dakota Housing Finance Agency (NDHFA) and $300,000 funding through Federal Home Loan Bank (FHLB), both in the form of non-interest bearing loans forgivable at the end of the loan term. Loan documents were completed and signed in 2016. Fargo-Moorhead goal is to raise remaining funds in 2016 and commence with ground breaking.