

**AUDITED
FINANCIAL STATEMENTS**

SENIORSFIRST FOUNDATION, INC.

DECEMBER 31, 2015

SENIORSFIRST FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Seniorsfirst Foundation, Inc.
Rochester, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Seniorsfirst Foundation, Inc. which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seniorsfirst Foundation, Inc. as of December 31, 2015 and 2014, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 15, 2016

SENIORSFIRST FOUNDATION, INC.**STATEMENTS OF FINANCIAL POSITION**

As of December 31,

ASSETS	2015	2014
Current assets:		
Cash	\$ 202,222	\$ 235,251
Pledges and bequest receivable	13,381	2,636
Due from affiliated parties	-	200,149
Total current assets	<u>215,603</u>	<u>438,036</u>
Investments	2,748,516	2,765,442
Other long-term assets	<u>1,806</u>	<u>1,806</u>
Total assets	<u>\$ 2,965,925</u>	<u>\$ 3,205,284</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,733	\$ 19,415
Due to affiliated parties	<u>832</u>	<u>-</u>
Total liabilities	<u>14,565</u>	<u>19,415</u>
Net assets:		
Unrestricted	15,087	8,378
Temporarily restricted	1,977,466	2,219,834
Permanently restricted	<u>958,807</u>	<u>957,657</u>
Total net assets	<u>2,951,360</u>	<u>3,185,869</u>
Total liabilities and net assets	<u>\$ 2,965,925</u>	<u>\$ 3,205,284</u>

See accompanying notes.

SENIORSFIRST FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31,

	<u>2015</u>	<u>2014</u>
Unrestricted net assets		
Operating revenue:		
Contributions	\$ -	\$ 50
Net assets released from restrictions	<u>373,488</u>	<u>382,864</u>
	373,488	382,914
Operating expenses:		
Other direct expenses for restricted purpose	373,488	382,864
Salaries and wages	5,337	32,952
Fees	7,677	6,800
Supplies and materials	1,705	2,986
Employee benefits	601	7,411
Purchased and contracted services	<u>1,817</u>	<u>1,447</u>
Total operating expenses	<u>390,625</u>	<u>434,460</u>
Loss from operations	(17,137)	(51,546)
Non-operating revenue:		
Other operating revenue	24,011	43,053
Investment (loss) gain	<u>(165)</u>	<u>1,167</u>
Total non-operating revenue	<u>23,846</u>	<u>44,220</u>
Change in unrestricted net assets	6,709	(7,326)
Temporarily restricted net assets:		
Contributions	147,882	261,396
Pooled life income fund proceeds	-	93,707
Investment (loss) gain	(16,762)	238,087
Transfer of assets - see note 6	-	(126,327)
Net assets released from restrictions	<u>(373,488)</u>	<u>(382,864)</u>
Change in temporarily restricted net assets	(242,368)	83,999
Permanently restricted net assets:		
Contributions	1,150	1,244
Pooled life income fund proceeds	-	31,771
Transfer of assets - see note 6	-	(942,407)
Change in permanently restricted net assets	<u>1,150</u>	<u>(909,392)</u>
Change in net assets	(234,509)	(832,719)
Net assets - beginning of year	<u>3,185,869</u>	<u>4,018,588</u>
Net assets - end of year	<u>\$ 2,951,360</u>	<u>\$ 3,185,869</u>

See accompanying notes.

SENIORSFIRST FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (234,509)	\$ (832,719)
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Transfer of assets - see note 6	-	1,068,734
Net realized gains on investments	(46,683)	(264,685)
Net unrealized losses on investments	119,173	95,941
(Increase) decrease in assets:		
Due from affiliated parties	200,149	(198,652)
Pledges and bequests receivable	(10,745)	201
Other long-term assets	-	(108)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(5,682)	5,618
Due to affiliated parties	832	-
Cash provided (used) by operating activities	<u>22,535</u>	<u>(125,670)</u>
Cash flows from investing activities:		
Purchase of investments	(651,029)	(907,035)
Sale of investments	595,465	1,186,516
Cash (used) provided by investing activities	<u>(55,564)</u>	<u>279,481</u>
Net change in cash	(33,029)	153,811
Cash - beginning of year	<u>235,251</u>	<u>81,440</u>
Cash - end of year	<u>\$ 202,222</u>	<u>\$ 235,251</u>

See accompanying notes.

SENIORSFIRST FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Seniorsfirst Foundation, Inc. (the Foundation) is a not-for-profit organization that solicits and maintains investment assets in support of Genesee Valley Presbyterian Nursing Center d/b/a Kirkhaven (Kirkhaven) and other programs and projects related to the field of geriatrics. Effective August 1, 2014, the Presbyterian Residence Center Corporation (Valley Manor) was restructured under another non-related organization and the net assets held by the Foundation that were purpose restricted for Valley Manor were transferred to Valley Manor at fair value pursuant to the restructuring agreement (see Note 6).

Display of Net Assets by Class: The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of accounting principles generally accepted in the United States of America (US GAAP). US GAAP requires that resources be classified for reporting purposes into three net asset categories (temporarily restricted, permanently restricted and unrestricted) according to the existence or absence of donor-imposed restrictions. Temporarily restricted net assets are those whose use has been limited by donors for a specific purpose or time period. The Foundation's temporarily restricted net assets are purpose restricted for Kirkhaven's general use subject to the Foundation's approval, and for specific purpose use at Kirkhaven such as the Pathways household project, a van, enhanced dining, the beauty shop, resident recreation, and pastoral care services. Funds that were purpose restricted for Valley Manor's general use subject to the Foundation's approval and specific purpose use at Valley Manor such as capital projects, a bus, financial assistance for residents, and adult day care were transferred to Valley Manor effective August 1, 2014 at fair value pursuant to a restructuring agreement (Note 6). Certain temporarily restricted net assets are time restricted. Permanently restricted net assets are those for which donors require the principal of the gift to be maintained in perpetuity.

Concentration of Credit Risk: Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash in financial institutions. From time to time throughout the year, cash balances can exceed the Federal Deposit Insurance Corporation (FDIC) coverage. Management believes that it is not exposed to any significant risk with respect to these accounts.

Investments: Investments in equity instruments with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices. The cost of specific securities sold is used to compute realized gains and losses on sales. Unrestricted investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the change in unrestricted net assets. Unrealized gains and losses on investments are also included in the change in unrestricted net assets due to their trading classification.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Pooled Life Income Fund Proceeds: A pooled life income fund provides for the payment of distributions to the grantor or other designated beneficiaries over the fund's term (usually the designated beneficiary's lifetime). At the end of the fund's term, the remaining assets are distributed according to the terms of the original gift. Proceeds from pooled life income funds are recorded in the statements of activities as a temporarily or permanently restricted contribution.

Income Taxes: The Foundation is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

The Foundation has considered the recognition requirements for uncertain income tax positions. The Foundation believes that its income tax filing positions would be sustained upon examination, and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subsequent Event: These financial statements have not been updated for subsequent events occurring after March 15, 2016 which is the date these financial statements were available to be issued.

NOTE 2. FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) ASC 820, Fair Value Measurements, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Home has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
 - If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and Cash Equivalents: Stated at cost, which approximates fair value. Cash and cash equivalents are classified at Level 1.

Certificates of Deposit: Consists of fixed-maturity certificates of deposit that are valued based on discounted future cash flows using the rates currently offered for deposits of similar remaining maturities. Certificates of deposit are classified at Level 2.

Mutual Fund - Bonds and Stocks: Valued at the net asset value (NAV) shares held at year end. The NAV is the closing price reported on the active market on which the securities are traded. Such investments are classified as Level 1.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded. Such investments are classified as Level 1.

SENIORSFIRST FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. FAIR VALUE OF INVESTMENTS (CONTINUED)

The cost and fair value of investments as of December 31, 2015 and 2014 were as follows:

	<u>Cost</u>	<u>Fair Value as of December 31, 2015</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 290,154	\$ 290,154	\$ -	\$ 290,154
Certificates of deposit	477,178	-	477,005	477,005
Common stocks:				
Large blend	348,652	594,614	-	594,614
Mid cap blend	118,795	184,599	-	184,599
Foreign large blend	116,565	104,953	-	104,953
Small blend	64,778	113,964	-	113,964
Real estate	10,072	25,656	-	25,656
Global real estate	<u>12,068</u>	<u>13,105</u>	-	<u>13,105</u>
Total common stocks	670,930	1,036,891	-	1,036,891
Mutual funds - bonds	660,496	669,051	-	669,051
Mutual funds - stocks:				
Small blend	72,099	108,041	-	108,041
Diversified emerging markets	69,313	65,347	-	65,347
Large value	25,884	61,205	-	61,205
Foreign small/mid value	20,719	23,786	-	23,786
Foreign large value	<u>17,076</u>	<u>17,036</u>	-	<u>17,036</u>
Total mutual funds – stocks	<u>205,091</u>	<u>275,415</u>	-	<u>275,415</u>
Total investments	\$ 2,303,849	\$ 2,271,511	\$ 477,005	\$ 2,748,516

	<u>Cost</u>	<u>Fair Value as of December 31, 2014</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 25,909	\$ 25,909	\$ -	\$ 25,909
Certificates of deposit	726,536	-	730,370	730,370
Common stocks:				
Large blend	366,380	640,809	-	640,809
Mid cap blend	53,873	130,320	-	130,320
Foreign large blend	120,710	127,460	-	127,460
Small blend	44,110	100,975	-	100,975
Real estate	10,792	27,270	-	27,270
Global real estate	<u>12,068</u>	<u>14,037</u>	-	<u>14,037</u>
Total common stocks	607,933	1,040,871	-	1,040,871
Mutual funds - bonds	652,087	674,608	-	674,608
Mutual funds - stocks:				
Small blend	51,805	99,400	-	99,400
Diversified emerging markets	70,601	78,868	-	78,868
Large value	22,090	63,422	-	63,422
Foreign small/mid value	25,898	28,755	-	28,755
Foreign large value	<u>22,911</u>	<u>23,239</u>	-	<u>23,239</u>
Total mutual funds - stocks	<u>193,305</u>	<u>293,684</u>	-	<u>293,684</u>
Total investments	\$ 2,205,770	\$ 2,035,072	\$ 730,370	\$ 2,765,442

SENIORSFIRST FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. FAIR VALUE OF INVESTMENTS (CONTINUED)

The composition of net investment (loss) gain is as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 62,709	\$ 84,617
Realized gains	46,683	264,685
Unrealized losses	(119,173)	(95,941)
Investment expenses	<u>(7,146)</u>	<u>(14,107)</u>
	<u>\$ (16,927)</u>	<u>\$ 239,254</u>

NOTE 3. NET ASSETS

Temporarily restricted net assets are composed of the following restricted funds as of December 31:

	<u>December 31, 2014</u>	Increase	Decrease	<u>December 31, 2015</u>
Transition Fund	\$ 947,780	\$ 3,637	\$ (236,616)	\$ 714,801
Kirkhaven:				
Director's				
Discretionary Fund	1,008,474	48,028	(104,879)	951,623
Chaplaincy Fund	6,468	375	(637)	6,206
Dementia Care	10,000	-	-	10,000
Arts Fund	150	-	-	150
Life Enrichment Fund	4,568	1,465	-	6,033
Specific Purpose				
Funds	44,188	72,218	(21,918)	94,488
Van Funds	5,855	-	-	5,855
Neighborhood Funds	1,904	1,955	(1,857)	2,002
Pathways Journey				
Funds	176,277	2,631	(6,937)	171,971
Charitable Trust	1,710	98	-	1,808
Greenhagle Hair				
Care Fund	12,460	-	(132)	12,328
Staff Recognition				
Fund	-	713	(512)	201
Total Kirkhaven	<u>1,272,054</u>	<u>127,483</u>	<u>(136,872)</u>	<u>1,262,665</u>
Total Temporarily				
Restricted Net Assets	<u>\$ 2,219,834</u>	<u>\$ 131,120</u>	<u>\$ (373,488)</u>	<u>\$ 1,977,466</u>

SENIORSFIRST FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. NET ASSETS (CONTINUED)

	December 31, 2013	Increase	Decrease	Transfer	December 31, 2014
Transition Fund	\$ -	\$ 1,455	\$ (37,965)	\$ 984,290	\$ 947,780
Kirkhaven:					
Director's					
Discretionary Fund	977,713	151,168	(120,407)	-	1,008,474
Chaplaincy Fund	6,358	1,437	(1,327)	-	6,468
Dementia Care	10,000	-	-	-	10,000
Arts Fund	125	25	-	-	150
Life Enrichment Fund	3,706	1,952	(1,090)	-	4,568
Specific Purpose					
Funds	50,088	72,785	(78,685)	-	44,188
Van Funds	10,725	1,002	(5,872)	-	5,855
Neighborhood Funds	1,497	1,212	(805)	-	1,904
Pathways Journey					
Funds	179,637	26,329	(29,689)	-	176,277
Charitable Trust	1,698	12	-	-	1,710
Greenhagle Hair					
Care Fund	20,573	-	(8,113)	-	12,460
Staff Recognition					
Fund	-	17,957	(17,957)	-	-
Total Kirkhaven	<u>1,262,120</u>	<u>273,879</u>	<u>(263,945)</u>	<u>-</u>	<u>1,272,054</u>
Valley Manor:					
Director's					
Discretionary Fund	789,149	274,516	(79,375)	(984,290)	-
Specific Purpose					
Funds	2,020	175	(179)	(2,016)	-
Van Funds	30,440	22,426	-	(52,866)	-
Eldership Fund	48,808	7,756	(1,400)	(55,164)	-
Capital Fund	-	12,963	-	(12,963)	-
Assisted Living	1,044	-	-	(1,044)	-
Senior Day Program					
Fund	2,254	20	-	(2,274)	-
Total Valley Manor	<u>873,715</u>	<u>317,856</u>	<u>(80,954)</u>	<u>(1,110,617)</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,135,835</u>	<u>\$ 593,190</u>	<u>\$ (382,864)</u>	<u>\$ (126,327)</u>	<u>\$ 2,219,834</u>

SENIORSFIRST FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. NET ASSETS (CONTINUED)

Permanently restricted net assets are composed of the following restricted funds as of December 31:

	<u>December 31,</u> <u>2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31,</u> <u>2015</u>
Kirkhaven Endowment Fund	\$ <u>957,657</u>	\$ <u>1,150</u>	\$ <u>-</u>	\$ <u>958,807</u>
Total Permanently Restricted Net Assets	\$ <u>957,657</u>	\$ <u>1,150</u>	\$ <u>-</u>	\$ <u>958,807</u>
	<u>December 31,</u> <u>2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31,</u> <u>2014</u>
Kirkhaven Endowment Fund	\$ <u>956,413</u>	\$ <u>1,244</u>	\$ <u>-</u>	\$ <u>957,657</u>
Valley Manor Endowment Fund	<u>910,636</u>	<u>31,771</u>	<u>(942,407)</u>	<u>-</u>
Total Permanently Restricted Net Assets	\$ <u>1,867,049</u>	\$ <u>33,015</u>	\$ <u>(942,407)</u>	\$ <u>957,657</u>

NOTE 4. ENDOWMENTS

Changes in Endowment Net Assets for the year ended December 31:

	<u>Temporarily</u> <u>Restricted</u>	<u>Permanently</u> <u>Restricted</u>
Endowment net assets, January 1, 2014	\$ 521,843	\$ 1,867,049
Investment return:		
Investment income	17,212	-
Net realized and unrealized gains on endowment funds	<u>43,188</u>	<u>-</u>
Total investment return	60,400	-
Contributions	-	33,015
Appropriation of endowment assets for expenditure	(40,000)	-
Transfer of assets – note 6	<u>-</u>	<u>(942,407)</u>
Endowment net assets, December 31, 2014	542,243	957,657
Investment loss:		
Investment income	19,355	-
Net realized and unrealized losses on endowment funds	<u>(28,202)</u>	<u>-</u>
Total investment loss	(8,847)	-
Contributions	-	1,150
Appropriation of endowment assets for expenditure	<u>(44,000)</u>	<u>-</u>
Endowment net assets, December 31, 2015	<u>\$ 489,396</u>	<u>\$ 958,807</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The Board of Directors has interpreted New York State Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the historical dollar value of the corpus of the permanent restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Investment income of the invested assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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 NYPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2015 or 2014. Deficiencies would result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions and continued appropriation for certain programs that would be deemed prudent by the Foundation.

Return Objectives, Risk Parameters, and Strategies Employed for Achieving Objectives

To ensure the preservation of the corpus of the permanently restricted endowment funds, the total fair value of all commingled investment assets are classified first to the level of the permanently restricted endowment funds corpus. If the fair value of investment assets falls below the level of the permanently restricted endowment fund corpus, an endowment fund deficiency receivable from the unrestricted net assets would be recognized until the deficiency was recovered.

Spending Policy

The Board of Directors has established a Total Return Policy (TRP) for use in regulating how Foundation investment earnings and appreciation are made available for use by the supporting organization. The TRP allows for an annual release of the Foundation's temporarily restricted net assets to Kirkhaven equal to 5% of the rolling previous 12 quarters beneficial interest balances of Kirkhaven. If the Foundation's accumulated earnings in the temporarily restricted net assets are not sufficient to cover the 5% TRP transfer (underwater position), no TRP transfer is permitted that year. The Foundation considered several factors in establishing its policy, as enumerated in Uniform Prudent Management of Institutional Funds Act (UPMIFA) and New York Prudent Management of Institutional Funds Act (NYPMIFA), including the preservation of the endowment funds, the purposes of the organization and the fund, general economic conditions, possible effects of inflation or deflation, expected total return from income and appreciation of investments, other resources of the organization, the organization's investment policy, and alternatives to spending from the endowment fund and the possible effects of those alternatives on the organization.

NOTE 5. RELATED PARTY TRANSACTIONS

Due To/From Affiliated Parties: At December 31, 2015, the Foundation had net amounts due to affiliated parties totaling \$832. At December 31, 2014, the Foundation had amounts due from affiliated parties in the amount of \$200,149. The amounts are non-interest bearing, unsecured obligations with no defined repayment terms.

SENIORSFIRST FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. VALLEY MANOR RESTRUCTURING

Effective August 1, 2014, Valley Manor was restructured and Episcopal SeniorLife Communities (ESLC) became the sole member of Valley Manor. As part of the Valley Manor restructuring, the unrestricted investment assets (transition fund) held by Seniorsfirst in beneficial interest for Valley Manor are to be maintained and controlled by Seniorsfirst until December 31, 2016, to be available and used to cover any transitional expense incurred by Seniorsfirst or Kirkhaven related to the restructuring/repositioning of Seniorsfirst or Kirkhaven, as a result of the Valley Manor restructuring, and as deemed appropriate by Seniorsfirst. After December 31, 2016, any unexpended or uncommitted funds shall be transferred to Valley Manor. The balance of the Seniorsfirst transitional fund amounted to \$714,801 and \$947,780 at December 31, 2015 and 2014, respectively.

The funds held by the Foundation that were purpose restricted for Valley Manor were transferred at fair values. Temporarily restricted net assets transferred amounted to \$126,327 and permanently restricted net assets transferred amounted to \$942,407 for December 31, 2014. There were no net asset transfers for the Valley Manor restructuring for the year ended December 31, 2015.

NOTE 7. FUNCTIONAL EXPENSES

The costs of supporting various programs and activities at December 31 have been summarized below. Certain costs have been allocated among the programs and supporting services benefitted.

	<u>2015</u>	<u>2014</u>
Program expense	\$ 373,488	\$ 382,864
General and administrative	12,438	6,800
Fundraising	<u>4,699</u>	<u>44,796</u>
	<u>\$ 390,625</u>	<u>\$ 434,460</u>

NOTE 8. COMMITMENTS AND CONTINGENCIES

The Foundation has provided a pledge of its securities to a bank to support any outstanding balances on a \$750,000 line of credit agreement between the bank and Kirkhaven. As of December 31, 2015 and 2014, there was a balance of \$0 and \$454,397 outstanding on this line of credit, respectively.

NOTE 9. NYS REVITALIZATION ACT

In compliance with the enacted NYS Revitalization Act, the Board of Directors approved specific revisions to the corporate bylaws that were effective July 1, 2014.