THE LAMB CENTER

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2015

GILLILAND & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
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THE LAMB CENTER

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
The Lamb Center
Fairfax, Virginia

We have audited the accompanying financial statements of The Lamb Center (a nonprofit organization,) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lamb Center as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gilliland & Associates, P.C.

Gilliland & Associates, P. C.
Certified Public Accountants
Falls Church, Virginia
April 1, 2016

THE LAMB CENTER
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 266,821
Investments - Reserved	200,000
Investments	29,137
Inventory	4,000
Pledges receivable	116,290
Prepaid expenses	11,429
Total current assets	627,677
Fixed assets:	
Land	1,845,340
Building - construction in process	14,690
Leasehold improvements	27,278
Furniture, fixtures, and equipment	2,727
Accumulated depreciation	(5,789)
Total fixed assets	1,884,246
Intangible and other long-term assets:	
Security deposits	5,000
	5,000
Total assets	$ 2,516,923
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 34,429
Payroll liabilities	31,318
Due to supporting organization	5,000
Deferred revenues	1,500
Deferred rent, current	1,096
Total current liabilities	73,343
Long-term liabilities	-
Total liabilities	73,343
Net assets:	
Unrestricted	369,417
Unrestricted - Reserved	200,000
Temporarily Restricted	1,874,163
Total net assets	2,443,580
Total liabilities and net assets	$ 2,516,923

The accompanying notes are an integral part of these financial statements.
See accompanying auditors' report.

THE LAMB CENTER
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR-ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUE:			
Contributions	$ 717,382	$ 1,759,674	$ 2,477,056
In-kind donations	354,715	122,500	477,215
Local government grants	92,000		92,000
Interest & Dividends	2,824		2,824
Gain on sale of equities	2,120		2,120
Total revenues	1,169,041	1,882,174	3,051,215
Net assets released from restrictions	8,011	(8,011)	-
OPERATING EXPENSES:			
Program	819,921		819,921
Management and general	154,175		154,175
Fundraising	84,013		84,013
Total expenses	1,058,109	-	1,058,109
Change in net assets from operations	$ 118,943	$ 1,874,163	$ 1,993,106
CHANGE IN NET ASSETS	$ 118,943	$ 1,874,163	$ 1,993,106
NET ASSETS, BEGINNING OF YEAR	450,474	-	450,474
NET ASSETS, END OF YEAR	$ 569,417	$ 1,874,163	$ 2,443,580

THE LAMB CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR-ENDED JUNE 30, 2015

	Program	Management and general	Fundraising	Total
Personnel costs	$ 323,642	$ 66,677	$ 32,208	$ 422,527
Supplies	280,711	6,048	224	286,983
Facilities	139,748	2,047	718	142,513
Professional fees	36,060	57,099		93,159
Compassion and caring program	35,678			35,678
Fundraising events			26,372	26,372
Printing and copying		6,616	20,608	27,224
Insurance		9,499		9,499
Postage and shipping		5,257		5,257
Telephone	3,572	447	446	4,465
Office expenses	510	485	3,437	4,432
Total expenses	$ 819,921	$ 154,175	$ 84,013	$ 1,058,109

THE LAMB CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR-ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 1,993,106
Depreciation	2,614
Interest received on investments	(2,167)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
Pledges & accounts receivable	(115,994)
Prepaid expenses	(5,133)
Accounts payable	13,288
Deferred revenue	1,500
Deferred rent	(3,761)
Payroll liabilities	(14,759)
Net cash provided by operating activities	1,868,694
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of fixed assets	(1,635)
Acquisition & development costs paid for new location	(1,749,268)
Net cash provided (used) by investing activities	(1,750,903)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ 117,791
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	149,030
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 266,821
INTEREST PAID	$ -
INCOME TAXES PAID	$ -

The accompanying notes are an integral part of these financial statements.
See accompanying auditors' report.

A. NATURE OF ACTIVITIES

The Lamb Center (the "Center") is organized under the laws of the Commonwealth of Virginia as a nonprofit organization and is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. The Center operates an informal partnership with local Christian churches, reaching out to the poor by providing a place for homeless men and women to obtain services to assist in their move toward sustainable living situations. The Center provides services to any who follow simple rules of safety, regardless of faith. The basic services the Center provides from its facility in Fairfax City, Virginia include: counseling, showers, laundry, simple medical assistance, meals, phones and an address for guests to receive mail.

Funding for these activities comes primarily from cash and in-kind donations received from individuals, businesses, religious and other organizations within the regional communities at large. The Center also makes use of government grants to advance select programs of public concern.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements of the Center have been prepared on the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized as incurred.

Use of estimates and assumptions – Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Financial statement presentation – The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of June 30, 2015, the Center had no permanently restricted net assets.

Cash and cash equivalents – For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, cash deposited with financial institutions, and all highly liquid investments with an original maturity of three-months or less.

Contributions receivable – Management recognizes promises to give either once any conditions imposed by the donor relating to uncertain future events (i.e. other than restrictions for the passage of time or purpose of the funds) are met or once there is only a remote chance they will not be met.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable (continued) – Before starting the capital campaign, Management did not track or recognize pledges until the funds were received.

Management considers all amounts collectable and expects to receive them within one year.

In addition to the amounts recognized, a conditional promise to give was received on December 29, 2014 (although the intention to donate had been expressed for many years) from the County of Fairfax (the County) to provide $500,000 toward the development of the Center's new facility and general operations. A specific allocation of how to use the funds was not provided by the County. Management estimates it will use $499,000 toward the new facility and $1,000 toward fiscal-2016 operations. Receipt of these funds was conditional upon the Center demonstrating adequate financing for acquisition, construction, and continuing operations at the new facility, which was uncertain as of the fiscal-year end. In December 2014, the County did not anticipate making such grant available until shortly after the Center had closed on acquiring the new facility (completed later that month) and obtained a construction contract to complete the improvements (signed September 2015.) In August 2015, the conditions were changed to require The Center's new facility to be under roof, at which point management recognized the promise to give as an unconditional pledge. When changed, management did not consider the "under roof" condition to be remote, as it was expected to be [and was] met in December 2015. The Center received the promised funds in March 2016.

Inventories – Management values inventory of contributed supplies on-hand using an estimated flea-market value, which takes the condition and likely method of disposition into account.

Investments – Equity securities are held at their original cost, or market value at the time of contribution, and sold as soon as practicable thereafter. Cash flows from these sales are reported as being from operating activities under FASB ASC 230-10-45-21A. Sales of securities are reported net of nominal transaction fees ordinarily charged on similar accounts with their brokerage company. The Center held no securities at June 30, 2015 and paid no advisory fees during the fiscal year.

Investments held at June 30, 2015 constitute a 30-month certificate of deposit with one of the Center's banks, purchased in July 2013 for $225,000 and the capitalized monthly interest. The penalty for an early-withdrawal is 6-months of interest, which will be waived once, and the CD will automatically renew if advance notice is not provided. Interest is initially earned at 0.95% (compounded daily,) and the Center has the right to bump-up their rate once during the term without extending the maturity date.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued) – Management does not consider the value of the CD investment to be impaired and had not identified any events or changes in circumstances that might have had a significant adverse effect prior to their redemption of the certificate at maturity (January 2016.)

Property and equipment – Expenditures for the acquisition of property and equipment are capitalized at cost for all property and equipment with acquisition costs that exceed $1,000. The fair value of donated assets at the date of the gift is similarly capitalized or recognized as an expense. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

			Depreciation	
Asset class	Life	Cost	Current	Accumulated
Computer equipment	5-years	1,092	218	345
Fixtures	5-years	1,635	41	41
Guest area improvement	10-years	19,828	1,983	4,627
Structural fixture	20-years	7,450	372	776
			2,614	5,789

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the results of activities.

Certain property and equipment, which included mostly desks and chairs, were donated to the Center when it first began operations. Given the age and condition of the fixed assets, and because they were received after use by a related organization (founding party described further in Note I,) no value was recorded for these assets. During the year, one of these items (a washing machine) became nonfunctional and was junked.

Construction and development – Costs to acquire, improve, and construct real property (including professional services, licenses & permits, and holding costs such as interest on construction loans, property hazard & builder's peril insurance, utilities, etc.) are capitalized as incurred, and any funds remain restricted by the donor for such purpose, until the project is substantially complete and ready for its intended use.

The Center is only developing one property, for their own use as a new permanent facility, and the following applicable costs (including $110,762 incurred before acquisition) are allocated to it: $1,512,764 purchase & settlement costs, $311,961 professional services, $34,795 of permits/licenses, and $510 of holding costs.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions. The Center reports gifts of cash and other assets, or sales of donated assets, as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Management does not imply time restrictions for contributions of long-lived assets (or cash contributions to purchase them.)

Restrictive purpose	Support Received	Released	Temporarily Restricted
New facility	$ 1,874,163	$ 0	$ 1,874,163
Common functions & other	8,011	8,011	0
	$ 1,882,174	$ 8,011	$ 1,874,163

The Center estimates the value for in-kind contributions of meals and toiletries based on the number of guests served. For the year-ended June 30, 2015, the Center estimates providing their guests with $246,365 worth of meals and other services, and $22,800 of other sundries.

Contributed services – Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Services recognized by the Center include lawyers provided to the guests, repairs of service equipment, accounting services utilized by management, storage facilities provided by a local church, and lawyers, appraisers, and other professionals involved in the Center's efforts to purchase a new location for their facilities.

	Program	Administrative	Fundraising
Professional fees – Legal services	$ 30,800	$ 0	$ 0
Professional fees – Other services	5,260	45,890	0
Facilities – Storage	3,536	45	18
	$ 39,596	$ 45,935	$ 18

There was also $122,500 of legal services (recognized under temporarily restricted support received in the prior policy) and capitalized for land acquisition and development costs of the new facility.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services (continued) – Additionally, many individuals volunteer their time and perform a variety of tasks that assist the Center in the performance of its exempt activities, but these services do not meet the criteria for recognition as contributed services. The Center received more than 14,200 volunteer hours in the year-ended June 30, 2015.

Deferred revenues – The Center received payment for sponsorships toward their annual banquet to be held in October 2015.

Functional allocation of expenses – The Center's expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the areas benefited.

Advertising – All promotional costs are directed toward raising donations, and are expensed in the current year or upon occurrence of the fund raising event.

Cost of joint activities – FASB ASC 958-720-45-29 describes recording costs associated with joint activities (activities which are part fundraising and have elements of one or more other functions, such as program or management and general.) The standard requires that the criteria of purpose, audience and content be met in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

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

Included in office expenses are $111 of penalties for late filing of Virginia state and local tax & license obligations.

Annual information returns are open to examination by the IRS, generally for three-years after they were filed. Returns for the years ending June 30, 2014, 2013, and 2012 are currently open.

C. DESIGNATED RESERVES

In June 2013 the Board resolved to designate $200,000 of available cash as reserved for the purpose of funding the Center's relocation. In July 2013 these funds were invested via the purchase of a 30-month certificate of deposit. The reserved amount was left open for Board-directed additions of future annual surpluses, but were left unchanged until the Board released the funds for use in February 2016.

D. CONCENTRATION OF CREDIT RISK & ECONOMIC DEPENDENCY

Financial instruments that potentially subject the Lamb Center to concentrations of credit risk consist of interest bearing cash and investments in the bank. The Center maintains its cash accounts in up-to two financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC".)

The FDIC insures cash balances of interest bearing accounts up to $250,000 at each institution. Uninsured cash balances at June 30, 2015 were $24,572 and may have been higher or lower throughout the year based on interim daily balances.

The Center's efforts revolve around supporting the needs of those in Fairfax County, Virginia and the surrounding area. Similarly, most financial and in-kind contributions are received from this region.

Because 97% of support is from contributions, including one-third of unrestricted donations being in-kind, a shift in charitable giving would have a significant impact on the Center's operations. In such a situation, the Board would direct that services be provided commensurate with donation levels.

E. LINE OF CREDIT

The Lamb Center had a $100,000 revolving line of credit with First Virginia Community Bank of Fairfax, Virginia; any principal and unpaid accrued interest is due on August 28, 2015. Interest is payable monthly at prime plus 2% with a minimum rate of 6% per annum. The line is for ensuring available working capital and is secured by all business assets of the Center. Among the line's covenants is maintaining a minimum 1.25 debt service coverage ratio.

As of June 30, 2015, the outstanding balance on the line of credit was zero.

The Center also has a $3,000 unsecured revolving line of credit with Citibank, under the Staples Card brand, used for making purchases of supplies. Interest and principal (subject to minimum amounts) is payable monthly, with interest charged at an annual rate of 23.99% after a grace period (if the prior month's balance is paid in full.) The outstanding balance at June 30, 2015 is included in accounts payable.

F. PAYROLL LIABILITIES

The Center pays employees twice a month on the 15th and end-of-month for the pay periods ending on the 5th and 20th (respectively.) Amounts earned in June and paid the following July are detailed on the table below.

F. PAYROLL LIABILITIES (continued)

Paid sick and vacation leaves are awarded on a tiered-structure, based on the amount of time employed by the Center and classification as full or part-time. All full-time employees had exceeded the maximum amount of hours permitted to vest and carryover as of June 30, 2014. However, in March 2014 the Board resolved to temporarily repeal the limit effective June 30, 2013. All amounts in excess were paid to employees July 15, 2014 and the limit was otherwise reinstated thereafter.

No amount is reported for sick leave, as it is permitted to accumulate without limit, but does not vest, and management does not expect any employees to exceed the amount accrued for that year before leaving the Center.

	Vacation	Sick
Accrued balance	$ 23,215	$ 38,803
Valuation allowance	(0)	(38,803)
	23,215	-0-
Pay period accrual	8,103	
Balance as Reported	$ 31,318	

G. RETIREMENT CONTRIBUTIONS

On April 17, 2013 the Center's Board approved enrollment in the Anglican Church in North America (ACNA) Retirement Plan and Trust effective July 1, 2013. The ACNA Retirement Plan and Trust operates under IRC §403(b) as a qualified defined contribution plan. The Center's Board approved an immediately vesting employer contribution of 4% to all full-time employees, paid with each semi-monthly pay period. On June 25, 2014, the Board approved a new personnel manual expanding coverage to all eligible employees.

The Center paid $13,032 of employer contributions toward employees' retirement accounts for the year-ended June 30, 2015.

H. LEASING ARRANGEMENTS

The Center signed a lease modification to assume space on Old Lee Highway in July 2010. The lease term commenced on October 1, 2010 and ends on September 30, 2015 and could be terminated early by either party giving written notice of termination to the other at least 9-months prior to such early termination date. The lease is paid in monthly installments of $6,523.84 (with a 3% per annum escalation on each anniversary beginning October 1, 2012) due on the first day of each month. Rent expense for the year-ended June 30, 2015 totaled $81,161.

H. LEASING ARRANGEMENTS (continued)

Deferred rent represents the additional cost of leasing the property, over the payments made, as amortized on the straight-line method over the term of the agreement.

Future minimum lease payments for the year ending June 30, 2016 are $21,386. However, actual rent payments will be higher due to management's need to remain at the existing property, on a month-to-month basis, while construction of the new location is underway. Management expects to continue making payments, without the annual escalation, through May 2016.

Under the triple-net lease terms, the Center also pays for the landlord's property insurance (no payment requested in fiscal-2015) and real estate taxes ($7,645) as additional rent. The landlord is also afforded a security interest in all property of the Center located on the premises toward the rent, additional rent, and other payments due. Included among the standard restrictions and covenants required by the lease are minimum insurance coverages and conditions upon the Center.

I. RELATED PARTY TRANSACTIONS

Upon assuming the lease on October 1, 2010 from the Truro Church, the $5,000 security deposit was left with the landlord to be used by the Center. This deposit was originally to be returned to the Truro Church upon the Center's departure from their current location. However, on July 22, 2015 Truro Church agreed to allow the Center to retain the deposit. There has been no change to this balance as of June 30, 2015.

During fiscal-2015, Truro Church contributed approximately $15,000 to The Lamb Center but did not provide any services that directly benefited the Center and required specialized skills.

Truro Church is the original founder. It retained the exclusive powers of appointing new directors to the Center's Board and making amendments to the Center's Bylaws until the Bylaws were amended to remove these provisions in October 2014.

Amounts loaned to employees on a short-term basis were repaid through payroll deductions. There was no balance owed by employees at June 30, 2015.

During fiscal-2015, Board of Directors members contributed approximately $362,000 (including $5,500 of pledges outstanding at June 30, 2015) and employees contributed approximately $2,700 to The Lamb Center.

I. RELATED PARTY TRANSACTIONS (continued)

Legal services of $17,500 were received from a Board member related to the Center's efforts to purchase and develop a new location during the year-ended June 30, 2015. No fees were charged for the work performed.

Professional services were received throughout the year, from a company owned by the son of a Board member (whose term expired in January 2015,) related to the Center's efforts to purchase and develop their new location. No fees were charged for the work performed through June 30, 2015. However, the company was signed in September 2015 as the general contractor for constructing the new facility, and will be paid agreed-upon costs plus fees of 4% (15% for Center-initiated changes) for the construction work performed. The Center will receive a 25% discount on fees charged for rental of the contractor's equipment. The maximum contract sum is guaranteed not to exceed $2,121,885 (before change orders.)

The fair value of legal and other professional services received from related parties, and capitalized in relation to the new facility, is described in Note B above. Prior to the effective date of ASU 2013-06, the Center was including the services contributed by affiliated personnel, and thus was already recognizing the revenues and expenses in a manner consistent with the desired uniformity.

J. CONTINGENCIES & CLAIMS

The Center is only registered to solicit for charitable donations in Virginia. Management does not believe the Center is subject to the registration requirement of any other state.

One of the Center's employees was found to be committing fraud by preparing vouchers they were not authorized to issue. The person's employment was terminated immediately upon discovering the fraudulent act. During an investigation into their activities conducted post-termination, a guest alleged the former employee had extorted money from them. Management made payments to the affected vendors and guest for less than $500 in July 2015, and estimates there will be no further liability as a result of the former-employee's actions.

K. EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through April 1, 2016, the date on which the financial statements were available to be issued. In addition to those events listed previously and summarized below, the Center entered into multiple debt arrangements with Main Street Bank to finance the development and construction of their new location.

On September 23, 2015 the Center signed a ten-year construction loan agreement for up-to $2,250,000 ($2M for costs, $200k for contingencies, and $50k interest reserve) with MainStreet Bank to finance the improvement & construction of their new facility on Campbell Drive. Interest-only payments are due monthly for the first five-years, with interest charged on the current balance at a fixed-rate of 4% per annum. For the next five-years interest and principal will be paid monthly, with variable interest charged on the current balance based on 3.5% plus the 5-year US Treasury rate (but the total cannot be less than 4% nor more than 6% per annum,) and minimum principal payments are amortized over twenty-five years. Prepayments will be charged a 2% penalty, except for those that bring the outstanding principal balance below $1.8M within the first 59-months of the loan agreement or those which are made by funds generated by the Center's normal operations. The note is secured by the land & all property at, and any rental income derived from, that location along with a security interest in all accounts with the lending institution. The Center must meet various financial, filing, regulatory, insurance coverage, and construction progress covenants as part of the loan.

The Center also signed a master loan agreement of $250,000 as a second trust, constituting an eleven-month line of credit with MainStreet Bank to obtain letters of credit to secure bonding for the improvement & construction of their new facility on Campbell Drive on September 23, 2015. Interest is due monthly on the currently outstanding balance at the US Prime Rate plus 4% per annum. Principal is due in full within twelve-months of the first draw and may be prepaid without penalty. The note is secured by the land & all property at, and any rental income derived from, that location along with a security interest in a deposit account with the lending institution (this last restriction was later removed.) The Center must meet various financial, filing, and regulatory covenants as part of the loan. Principal is only drawn against the loan if a letter of credit is called upon.

- Note B – Accounting policies for contributions receivable and investments
- Note C – Release of funds reserved by the Board for construction of building
- Note H – Extended period of rent
- Note I – Relinquishment of security deposit made by Truro and signing of a related party as general contractor
- Note J – Payments made due to employee fraud & other alleged acts