LITERACY PARTNERS, INC.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2016 AND 2015

LITERACY PARTNERS, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Literacy Partners, Inc.
New York, New York

We have audited the accompanying consolidated financial statements of Literacy Partners, Inc. (the ***"Organization"***), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 Organization'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 Literacy partners, Inc. as of June 30, 2016, 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.

To the Board of Directors of
Literacy Partners, Inc.
New York, New York

Report on Summarized Comparative Information

We have previously audited Literacy Partners, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
December 12, 2016

LITERACY PARTNERS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016 And 2015

	2016	2015
ASSETS		
Cash	$ 649,863	$ 741,314
Investments ***(Note 3)***	5,519,525	6,041,316
Accounts receivable and other assets	2,346	2,723
Contributions receivable	17,000	50,100
Grants receivable	23,900	42,489
Prepaid expenses	7,295	7,115
Inventory ***(Note 2)***	-	112,767
Equipment, net of accumulated depreciation of $276,828 in 2016 and $258,652 in 2015	44,558	29,803
Security deposit	63,750	20,000
Total assets	$ 6,328,237	$ 7,047,627
LIABILITIES		
Accounts payable and other accrued expenses	$ 34,577	$ 12,884
Deferred Rent ***(Note 4)***	79,114	-
Total liabilities	113,691	12,884
NET ASSETS *(Note 5)*		
Unrestricted		
Operations	749,858	1,048,264
Board designated	167,467	183,121
Total unrestricted net assets	917,325	1,231,385
Temporarily restricted	36,119	542,256
Permanently restricted	5,261,102	5,261,102
Total net assets	6,214,546	7,034,743
Total liabilities and net assets	$ 6,328,237	$ 7,047,627

LITERACY PARTNERS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 2016 With Summarized Information For 2015

	UNRESTRICTED						
	Operations	Board Designated	Total	Temporarily Restricted	Permanently Restricted	2016	2015
REVENUES							
Public Support							
Foundation grants	$ 278,000	$ -	$ 278,000	$ -	$ -	$ 278,000	$ 167,950
Community partnership grants	734	-	734	-	-	734	27,031
Corporate contributions	10,100	-	10,100	-	-	10,100	25,500
Individuals	153,966	-	153,966	-	-	153,966	277,278
Government contracts	49,991	-	49,991	-	-	49,991	90,000
Contributions in-kind	589,301	-	589,301	-	-	589,301	205,332
Total public support	1,082,092	-	1,082,092	-	-	1,082,092	793,091
Other Revenue							
Fund raising events, net of direct benefit to donors of $161,693 in 2016 and $115,256 in 2015	843,151	-	843,151	-	-	843,151	926,014
Investment income	4	-	4	-	-	4	5
Investment return designated for current operations ***(Note 3)***	425,000	-	425,000	-	-	425,000	350,000
Other revenue	6,051	-	6,051	-	-	6,051	1,020
Total other revenue	1,274,206	-	1,274,206	-	-	1,274,206	1,277,039
Total public support and other revenue	2,356,298	-	2,356,298	-	-	2,356,298	2,070,130
EXPENSES							
Program services	1,800,422	-	1,800,422	-	-	1,800,422	1,178,756
Supporting services							
Management and general	343,357	-	343,357	-	-	343,357	355,326
Fundraising	510,925	-	510,925	-	-	510,925	354,348
Total supporting services	854,282	-	854,282	-	-	854,282	709,674
Total expenses	2,654,704	-	2,654,704	-	-	2,654,704	1,888,430
Excess of revenues over expenses	(298,406)	-	(298,406)	-	-	(298,406)	181,700
Other Changes							
Investment return in excess of amounts designated for current operations ***(Note 3)***	-	(15,654)	(15,654)	(506,137)	-	(521,791)	(333,075)
Transfers	-	-	-	-	-	-	-
Change in net assets	(298,406)	(15,654)	(314,060)	(506,137)	-	(820,197)	(151,375)
Net Assets							
Beginning of year	1,048,264	183,121	1,231,385	542,256	5,261,102	7,034,743	7,186,118
End of year	$ 749,858	$ 167,467	$ 917,325	$ 36,119	$ 5,261,102	$ 6,214,546	$ 7,034,743

See accompanying notes to financial statements.

LITERACY PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2016 With Summarized Information For 2015

	2016							2015
	Program Services				Support Services			
	Educational Support	Basic Educational Centers	Family Literacy Centers	Total Program	General And Administrative	Fundraising	Total	Total
Salaries	$ 449,697	$ 214,873	$ 84,658	$ 749,228	$ 132,673	$ 127,548	$ 1,009,449	$ 833,585
Payroll taxes and benefits	107,637	51,431	20,264	179,332	31,756	30,529	241,617	195,828
Contributions in-kind								
Instruction and facility	-	68,951	-	68,951	-	-	68,951	92,565
Books	-	112,767	-	112,767	-	-	112,767	-
Program video	316,869	-	-	316,869	-	-	316,869	-
Other	88,616	-	-	88,616	20,450	94,415	203,481	-
Instructional and testing materials	1,157	709	110	1,976	133	-	2,109	2,296
Occupancy	100,054	47,808	18,836	166,698	29,519	28,379	224,596	246,156
Telephone	6,585	3,146	1,240	10,971	1,943	1,868	14,782	17,477
Printing/postage	1,458	998	847	3,303	2,884	28,672	34,859	24,463
Office supplies and equipment	7,155	2,664	4,365	14,184	13,557	6,728	34,469	26,939
Travel and conferences	2,447	3,749	44	6,240	2,027	192	8,459	7,041
Professional fees	-	-	-	-	35,400	-	35,400	24,825
Fund-raising / special events	-	-	-	-	-	122,819	122,819	199,831
Insurance	10,915	5,216	2,055	18,186	3,220	3,096	24,502	27,700
Consultants/outside services	7,420	30,000	-	37,420	9,198	52,641	99,259	99,064
Computer expenses	5,966	2,851	1,123	9,940	1,760	1,692	13,392	17,136
Staff development	269	-	-	269	1,120	1,145	2,534	4,070
Miscellaneous	10,837	219	4,416	15,472	39,541	11,201	66,214	49,707
Depreciation	-	-	-	-	18,176	-	18,176	19,747
Total Expenses - 2016	$ 1,117,082	$ 545,382	$ 137,958	$ 1,800,422	$ 343,357	$ 510,925	$ 2,654,704	
Total Expenses - 2015	$ 843,589	$ 145,324	$ 189,843	$ 1,178,756	$ 355,326	$ 354,348		$ 1,888,430

See accompanying notes to financial statements.

LITERACY PARTNERS, INC.

STATEMENT OF CASH FLOWS

June 30, 2016 And 2015

	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ (820,197)	$ (151,375)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	18,176	19,747
Realized and unrealized losses on investments	344,839	289,325
(Increase) decrease in current assets		
Accounts receivable and other assets	52,066	302,862
Prepaid expenses	(180)	31,601
Inventory	112,767	(112,767)
Security Deposit	(43,750)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	21,693	(41,568)
Deferred rent	79,114	-
Net cash provided by (used for) operating activities	(235,472)	337,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,519,250	1,300,791
Purchase of investments	(1,342,298)	(1,257,040)
Purchase of furniture, fixtures and equipment	(32,931)	(7,179)
Net cash provided by investing activities	144,021	36,572
Net increase (decrease) in cash	(91,451)	374,397
CASH		
Beginning of year	741,314	366,917
End of year	$ 649,863	$ 741,314

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Literacy Partners, Inc. (the ***"Organization"***) believes that the ability to read is an essential element of an enriched and fulfilling life. Their high quality, community-based literacy programs in New York City empower adults to reach their full potential as individuals, parents and citizens.

TAX EXEMPT STATUS

The Organization is incorporated as a not-for-profit organization, and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws.

Management has reviewed the tax positions for each of the open tax years (2013 – 2015) or expected to be taken in the Organization's 2016 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCRUAL BASIS OF ACCOUNTING

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to not-for-profit organizations.

ACCOUNTING 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 the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification ***("ASC")*** 825, ***"Financial Instruments"*** identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

NET ASSETS

The net assets of the Organization and changes therein are classified and reported as follows:

- ***Unrestricted:*** Unrestricted assets include the net assets that are associated with the principal mission of the Organization.

- ***Unrestricted – Designated for Investment:*** Endowment income designated by the Board of Directors for long-term investments (quasi-endowment net assets) and a reserve for the start-up of a charitable gift annuity fund.

- ***Temporarily Restricted:*** Temporarily restricted assets include contributions and other assets received with donor stipulations that limit the use of the donated asset. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as ***"net assets released from restrictions."***

- ***Permanently Restricted:*** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

CONTRIBUTIONS

All unconditional contributions to the Organization are recorded as revenue when received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. The Organization records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. The Organization records unconditional promises to give (pledges) as a receivable and revenue in the year pledged. As of June 30, 2015 and 2014, all pledges are due within one year.

GOVERNMENT GRANTS AND OTHER CONTRACTS

The Organization records revenue from government and other contracts as expenses are incurred. In May 2013, the Organization received notice that the New York State Education Department contracts, which comprised substantially all of the government contract revenue, would not renewed for the year ending June 30, 2014.

INVESTMENTS

Investments are reported at their fair values, with gains and losses, included in the accompanying statements of activities. Net investment income is recorded as unrestricted unless specifically restricted by the donors. Contributions of marketable securities are recorded at their market values at the dates of donation.

EQUIPMENT

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, generally five years.

CONTRIBUTIONS IN-KIND

A substantial number of volunteers have made significant contributions of their time to tutor students participating in the Organization's programs. These donated services are a significant and integral part of the efforts of the Organization and would have to be performed by salaried personnel if the services had not been donated. The estimated fair value of the instructional hours is reported as support and a corresponding expense in the statement of activities. The fair value of such services is computed using the annual number of hours contributed multiplied by the hourly rate that would be paid if such services were to be performed by salaried personnel. The Organization occupies, without charge, various sites located throughout the city that are used for program operations. The estimated fair value of the rentals is reported as support and expense. The fair value of the rentals are computed by using various factors such as the estimated square feet and space occupied, the number of annual hours the site is used and the rent that would be paid if such facilities were not donated.

In 2016, the Organization received a video production used in its programs for recruiting students. The video was contributed by a marketing and communications firm and was recorded at fair value. Additionally, the Organization received other marketing and communication services from the firm and such services were recorded at their fair value.

The Organization received donated books and audio books in 2015, which were included in inventory at June 30, 2015. In 2016, these materials were used in its program and the value of these materials were recorded as program expenditures.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2015, from which the summarized information was derived.

(3) INVESTMENTS

The following is a summary of the Organization's investments at June 30, 2016 and 2015.

	2016		2015	
	Cost	**Market**	**Cost**	**Market**
Money Markets	$ 7,718	$ 7,718	$ 20,432	$ 20,432
Mutual Funds				
Equity	3,258,929	3,380,342	3,038,734	3,406,304
Fixed Income	2,180,159	2,131,465	2,284,093	2,274,658
Common Stocks	-	-	301,236	339,922
	$ 5,446,806	$ 5,519,525	$ 5,644,495	$ 6,041,316

At June 30, 2016 and 2015, unrealized gains were $72,719 and $396,821, respectively.

The Organization uses the total return concept for Endowment Fund income. Under this concept, endowment income to be distributed based on the approval of the board of directors using the average market values of the endowment assets of the prior three years. Total endowment income distributed for operations amounted to $425,000 and $350,000 for 2016 and 2015, respectively.

The following schedule summarizes the investment return of the endowment funds and its classification in the statement of activities:

	Board Designated	Temporarily Restricted	June 30, 2016 Total	June 30, 2015 Total
Interest and dividends (net of management fees of $24,378 and $24,622)	$ 7,441	$ 240,607	$ 248,048	$ 306,250
Net realized and unrealized gains (losses)	(10,345)	(334,494)	(344,839)	(289,325)
Return on long-term investments	(2,904)	(93,887)	(96,791)	16,925
Investment return designated for current operations	(12,750)	(412,250)	(425,000)	(350,000)
Investment return in excess (deficit) of amounts designated for current operations	$(15,654)	$(506,137)	$(521,791)	$(333,075)

The Organization utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Organization's investments as of June 30, 2016 and 2015 are as follows:

	2016			
	Total	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Money Markets	$ 7,718	$ 7,718	$ -	$ -
Mutual Funds				
Equity	3,380,342	3,380,342	-	-
Fixed Income	2,131,465	2,131,465	-	-
Totals	$ 5,519,525	$ 5,519,525	$ -	$ -

	2015			
	Total	**Level 1 Quoted Prices**	**Level 2 Other Significant Observable Inputs**	**Level 3 Significant Unobservable Inputs**
Money Markets	$ 20,432	$ 20,432	$ -	$ -
Mutual Funds				
Equity	3,406,304	3,406,304	-	-
Fixed Income	2,274,658	2,274,658	-	-
Common Stocks	339,922	339,922	-	-
Totals	$ 6,041,316	$ 6,041,316	$ -	$ -

There were no transfers between Level 1 and Level 2 during the years ended June 30, 2016 and 2015.

(4) LEASE COMMITMENTS

The Organization entered into a new lease agreement effective October 2015, and expiring January 31, 2026. The Organization subleases a portion of this office space through October 2017. The Organization received four months of free rent in connection with the signing of this lease, and as such, rental payments required under this lease are reported as rent expense on a straight-line basis over the term of the lease. As of June 30, 2016, $79,114 has been recorded as deferred rent. Rent expense for the years ended June 30, 2016 and 2015 amounted to approximately $231,000 and $235,800, respectively, net of sublease rental income of approximately $38,900 and $32,200 for the years ended June 30, 2016 and 2015, respectively. In addition, donated space received by the Organization was approximately $30,900 and $17,300 for the years ended June 30, 2016 and 2015, respectively, and is included in contributed goods and services in the statement of activities.

Future minimum rental commitments (exclusive of electricity and real estate taxes) and sublease rental income, under all non-cancelable operating leases at June 30, 2016 are as follows:

Fiscal Year	**Commitments**	**Sublease Income**	**Commitments Net of Sublease Income**
2017	$ 195,075	$ 43,993	$ 151,082
2018	200,927	14,808	186,119
2019	206,955	-	206,955
2020	213,164	-	213,164
2021	219,559	-	219,559
2022 & thereafter	1,114,962	-	1,114,962
	$2,150,642	$ 58,801	$2,091,841

(5) NET ASSETS

Temporarily restricted net assets consist of the following:

	2016	2015
Accumulated endowment income	$36,119	$542,256

Permanently restricted net assets consist of the following:

	2016	2015
The Liz Smith Adult Literacy Fund	$5,261,102	$5,261,102

ENDOWMENT FUNDS

The Organization's endowment fund consists of both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP in the United States, net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Organization is incorporated in the state of New York, which has enacted the Uniform Prudent Management of Institutional Funds Act ***("UPMIFA")***. UPMIFA governs donor restricted or permanently restricted endowment funds for not-for-profit corporations. The Organization has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization. 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

(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) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution.

(8) The investment policies of the Organization

RETURN OBJECTIVES AND RISK PARAMETERS

The total rate of return (net of fees) is expected to equal or exceed a passive investment in commonly quoted market indices (benchmarks) based on a long-term optimal asset allocation.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY

The Organization has a policy of appropriating for distributions of an approved percentage of its endowment funds' average fair value over the prior three years ending on March 31, of the preceding the fiscal year in which the distribution is planned. For the years ended June 30, 2016 and June 30, 2015, the approved distribution was 7% and 6%, respectively. This policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns. In 2014, the approved distribution rate increased for the support of the new strategic plan, which includes a plan to replace the loss of government funding.

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 state standards require the Organization to retain as a fund of perpetual duration. At June 30, 2015 and 2014, no donor restricted endowment funds have fallen below the required amount.

Endowment net asset composition by type of fund as of June 30, 2016 and 2015:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$167,467	$36,119	$5,261,102	$5,464,688

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$183,121	$542,256	$5,261,102	$5,986,479

The Organization classifies the original value of gifts received with donor stipulations that require them to be held in perpetuity as permanently restricted net assets. Income earned on such gifts is classified as temporarily restricted.

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$183,121	$ 542,256	$ 5,261,102	$ 5,986,479
Investment return ***(See Note 3)***	(2,904)	(93,887)	-	(96,791)
Investment return designated for current operations	(12,750)	(412,250)	-	(425,000)
	$167,467	$ 36,119	$ 5,261,102	$ 5,464,688

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$193,113	$ 865,339	$ 5,261,102	$ 6,319,554
Investment return ***(See Note 3)***	508	16,417	-	16,925
Investment return designated for current operations	(10,500)	(339,500)	-	(350,000)
	$183,121	$ 542,256	$ 5,261,102	$ 5,986,479

(6) PENSION PLAN

The Organization has a defined contribution plan covering all eligible employees. Under this plan, eligible employees may contribute up to 5% of their gross wages to be applied to individual annuities issued to each participant by the Teachers Insurance and Annuity Association ***(“TIAA”)*** and the College Retirement Equities Fund ***(“CREF”)***. The Organization will match the percentage the employee contributes, up to a maximum of $3,000 per year. Employee and employer contributions vest immediately, while employer contributions vest over a three year period. During the years ended June 30, 2016 and 2015, the Organization contributed approximately $19,500 and $9,900, respectively, to the plan.

(7) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, December 12, 2016, have been evaluated in the preparation of the financial statements.