Grace Place for Children and Families, Inc.

GRACE PLACE

For Children & Families

Years Ended July 31, 2015 and 2014

Financial Statements

Rehmann

Business wisdom delivered.

GRACE PLACE FOR CHILDREN AND FAMILIES, INC.

TABLE OF CONTENTS

Rehmann

Rehmann Robson
6645 Willow Park Drive
Suite 150
Naples, FL 34109
Ph: 239.254.5057
Fx: 239.254.5058
rehmann.com

INDEPENDENT AUDITORS' REPORT

November 20, 2015

Board of Directors
Grace Place for Children and Families, Inc.
Naples, Florida

We have audited the accompanying financial statements of ***Grace Place for Children and Families, Inc***. (the "Organization") which comprise the statements of financial position as of as July 31, 2015 and 2014, and the related statements of activities, functional expenses, 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.

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor 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 Grace Place for Children and Families, Inc. as of July 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rehmann Robson LLC

GRACE PLACE FOR CHILDREN AND FAMILIES, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS	July 31 2015	July 31 2014
Cash and cash equivalents	$ 1,697,158	$ 1,262,833
Unconditional promises to give, net	1,307,769	672,242
Grants receivable	220,091	-
Prepaid expenses	33,150	3,547
Net property and equipment	2,688,080	2,080,578
Beneficial interest in assets held by Community Foundation	134,864	92,465
Total assets	**$ 6,081,112**	**$ 4,111,665**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 42,868	$ 84,252
Mortgage payable	639,707	695,004
Other liabilities	11,467	-
Total liabilities	**694,042**	**779,256**
Commitments and contingencies (Note 4)		
Net assets		
Unrestricted		
Undesignated	2,192,890	1,528,657
Board designated	562,381	561,749
Total unrestricted	2,755,271	2,090,406
Temporarily restricted	2,528,746	1,178,110
Permanently restricted	103,053	63,893
Total net assets	**5,387,070**	**3,332,409**
Total liabilities and net assets	**$ 6,081,112**	**$ 4,111,665**

The accompanying notes are an integral part of these financial statements.

GRACE PLACE FOR CHILDREN AND FAMILIES, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support				
Contributions	$ 1,133,130	$ 2,026,612	$ 39,160	$ 3,198,902
Grant income	584,077	-	-	584,077
In-kind gifts	11,390	-	-	11,390
Investment and interest income	16,175	2,607	-	18,782
Fundraising event, net of $23,050 in direct expenses	175,253	-	-	175,253
Net assets released from restrictions	678,583	(678,583)	-	-
Total revenues and support	**2,598,608**	**1,350,636**	**39,160**	**3,988,404**
Expenses				
Program services	1,447,675	-	-	1,447,675
Management and general	163,750	-	-	163,750
Fundraising	322,318	-	-	322,318
Total expenses	**1,933,743**	-	-	**1,933,743**
Changes in net assets	664,865	1,350,636	39,160	2,054,661
Net assets, beginning of year	**2,090,406**	**1,178,110**	**63,893**	**3,332,409**
Net assets, end of year	**$ 2,755,271**	**$ 2,528,746**	**$ 103,053**	**$ 5,387,070**

The accompanying notes are an integral part of these financial statements.

GRACE PLACE FOR CHILDREN AND FAMILIES, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Contributions	$ 902,013	$ 391,642	$ 63,893	$ 1,357,548
Grant income	183,220	-	-	183,220
In-kind gifts	10,126	-	-	10,126
Investment and interest income	8,319	2,567	-	10,886
Fundraising event, net of $59,031 in direct expenses	179,341	-	-	179,341
Net assets released from restrictions	302,314	(302,314)	-	-
Total revenue and support	**1,585,333**	**91,895**	**63,893**	**1,741,121**
Expenses				
Program services	1,006,719	-	-	1,006,719
Management and general	131,178	-	-	131,178
Fundraising	205,861	-	-	205,861
Total expenses	**1,343,758**	**-**	**-**	**1,343,758**
Changes in net assets	241,575	91,895	63,893	397,363
Net assets, beginning of year	**1,848,831**	**1,086,215**	**-**	**2,935,046**
Net assets, end of year	**$ 2,090,406**	**$ 1,178,110**	**$ 63,893**	**$ 3,332,409**

The accompanying notes are an integral part of these financial statements.

GRACE PLACE FOR CHILDREN AND FAMILIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended July 31,2015			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 823,185	$ 126,271	$ 231,376	$ 1,180,832
Staff development	58,968	4,403	2,600	65,971
Utilities and telephone	61,957	1,077	317	63,351
Depreciation and amortization	91,312	1,587	467	93,366
Interest	25,854	449	132	26,435
Maintenance	17,673	-	-	17,673
Occupancy costs	117,109	2,036	599	119,744
Office expense	25,913	11,984	6,324	44,221
Professional services	-	10,500	-	10,500
Program supplies	194,466	-	-	194,466
Capital campaign	-	-	80,503	80,503
Vehicle expenses	31,238	-	-	31,238
Board expenses	-	5,443	-	5,443
Total	$ 1,447,675	$ 163,750	$ 322,318	$ 1,933,743

The accompanying notes are an integral part of these financial statements.

Year Ended July 31, 2014			
Program Services	Management and General	Fundraising	Total Expenses
$ 650,380	$ 97,913	$ 140,179	$ 888,472
5,224	3,570	1,885	10,679
43,399	754	222	44,375
70,457	1,225	360	72,042
25,457	443	130	26,030
15,036	-	-	15,036
87,489	1,521	447	89,457
18,201	8,418	4,442	31,061
-	14,794	-	14,794
69,920	-	-	69,920
-	-	58,196	58,196
21,156	-	-	21,156
-	2,540	-	2,540
$ 1,006,719	$ 131,178	$ 205,861	$ 1,343,758

GRACE PLACE FOR CHILDREN AND FAMILIES, INC.

STATEMENTS OF CASH FLOWS

	Year Ended July 31	
	2015	2014
Cash flows from operating activities		
Changes in net assets	$ 2,054,661	$ 397,363
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	93,366	72,042
Net gain on investments held by the Community Foundation	(3,239)	(3,572)
Discount on unconditional promises to give	15,156	5,800
Changes in operating assets and liabilities which provided (used) cash:		
Unconditional promises to give, net	(650,683)	55,879
Grants receivable	(220,091)	-
Prepaid expenses	(29,603)	4,436
Other liabilities	11,467	-
Accounts payable and accrued expenses	(41,384)	(27,893)
Net cash provided by operating activities	1,229,650	504,055
Cash flow from investing activities		
Transfer of funds to be held by the Community Foundation	(39,160)	(63,893)
Purchase of property and equipment	(700,868)	(121,412)
Net cash used in financing activities	**(740,028)**	**(185,305)**
Cash flows used in financing activities		
Principal payments on mortgage payable	**(55,297)**	**(53,410)**
Net increase in cash and cash equivalents	**434,325**	**265,340**
Cash and cash equivalents, beginning of year	1,262,833	997,493
Cash and cash equivalents, end of year	**$ 1,697,158**	**$ 1,262,833**
Supplemental disclosures of cash flow information		
Interest paid	**$ 26,435**	**$ 26,030**

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Grace Place for Children and Families, Inc. (the "Organization") is a not for profit corporation organized under IRC Section 501(c)(3) in the State of Florida in July 2004. The Organization provides community centered support programs for children and families in Golden Gate, Florida. These services are free of charge to those who need them.

Concentration Risks

Approximately 85% and 80% of unconditional promises to give were due from three individuals as of July 31, 2015 and 2014, respectively. The loss of any of these contributors could have an adverse effect on the short-term operating results.

Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Organization's mission.

Temporarily restricted net assets - Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Organization and/or passage of time. Such assets normally fund specific expenditures of an operating or capital nature.

Permanently restricted net assets - Net assets representing contributions to the Organization's endowment that are subject to donor imposed restrictions requiring that the principal be invested and only investment earnings withdrawn in accordance with the endowment investment guidelines.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and deposits in money market funds with original maturities when purchased of less than three months. The Organization maintains balances in local financial institutions, which at times, may exceed federally insured limits.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

The fair value of assets held by the Community Foundation are measured based on net asset value per share, or its equivalent. Assets with readily determinable net asset value traded in an active market are categorized as Level 1 assets. In the absence of active markets, these assets are categorized as either Level 2 or Level 3 based on the ability to redeem the shares on or near the statement of financial position date. For a further discussion of fair value measurement, refer to Note 2 to the financial statements.

Revenue Recognition
Contributions are recorded when received; unconditional promises to give are recorded when the promise is made. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases this net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as support; otherwise, the contributions are recorded as unrestricted support.

Contributed services meeting the requirement for recognition in the financial statements are recorded at the fair market value of professional services rendered. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with educational programs, fund-raising, and various committee assignments; however, no amounts have been reflected in the financial statements, as these services do not meet the criteria for recognition.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is to be received. Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. Any allowance is based on prior years' experience and management's analysis of specific promises made. As of July 31, 2015 and 2014, management has determined that no allowance is necessary.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Based upon management's assessment of the credit history with grantor agencies with outstanding balances and current relationships with them, they have concluded that realization losses on the balances outstanding at year end will be immaterial and that no allowances are required.

Property and Equipment and Depreciation

Property and equipment is stated at cost less accumulated depreciation. Donated property and equipment is capitalized at fair value. Major improvements are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired.

The Organization capitalizes purchases over $1,000. Depreciation, which includes the amortization of assets is computed using the straight-line method of depreciation calculated over the estimated useful life of the assets ranging from 5 to 39 years. Assets are depreciated when placed in service and used for their intended purpose.

Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from sources other than directly from donors or grantors. The Organization has been classified as not a private foundation.

The Organization analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Organization treats interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its management and general expenses.

The Organization has evaluated its income tax filing positions for fiscal years 2012 through 2015, the years which remain subject to examination as of July 31, 2015. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the Organization's financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at July 31, 2015 and 2014, and is not aware of any claims for such amounts by federal or state income tax authorities.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as detailed in the statements of functional expenses. Payroll and other expenses which are not directly identifiable by program or supporting service are allocated based on job descriptions and the best estimates of management.

Reclassification

Certain amounts as reported in the 2014 financial statements have been reclassified to conform with the 2015 presentation.

Subsequent Events

In preparing these financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to July 31, 2015, the most recent statement of financial position presented herein, through November 20, 2015, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

Beneficial interest in assets held by Community Foundation, established during 2013, consists of a fund held by the Community Foundation of Collier County. This fund was established by the Organization for the benefit of the Organization primarily from contributions. The Organization receives annual payouts from the fund based on a payout rate, equal to 4.0% of the quarter ended values for a 12 quarter rolling average.

The Organization utilizes fair value measurements to record fair value adjustments to beneficial interest in assets held by Community Foundation and to determine fair value disclosures. Beneficial interest in assets held by Community Foundation is recorded at fair value on a recurring basis.

Following is a description of the valuation methodology and key inputs used to measure beneficial interest in assets held by Community Foundation recorded at fair value.

Beneficial interest in assets held by Community Foundation: The Organization is allocated its portion of the total fair values of the underlying securities held by the Foundation. The underlying trust assets cannot be liquidated or redeemed by the Organization; accordingly, this interest is classified as a Level 3 investment. As such, no quoted prices or active market are available for this asset (Level 3). As a practical expedient, the carrying value of this asset is deemed equal to the Organizations' percent of the total investments held by the Community Foundation.

The preceding method described may produce a fair value calculation that may not be reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of this asset could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets beneficial interest in assets held by Community Foundation, for the years ended July 31:

	2015	2014
Beginning of year	$ 92,465	$ 25,000
Contribution	39,160	63,893
Net investment gain	3,239	3,572
End of Year	**$ 134,864**	**$ 92,465**

3. UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give at July 31, 2015 and 2014 consisted of several temporarily restricted promises to give related to the capital campaign and several for the operating fund. The unconditional promises to give are reflected at the present value of estimated cash flows using a discount rate of 1.5% for the years ended July 31 as follows:

	2015	2014
Unconditional promises to give - Capital	$ 1,272,925	$ 604,017
Unconditional promises to give - Operating	50,000	74,025
Total	1,322,925	678,042
Less discount to net present value	15,156	5,800
Unconditional promises to give, net	**$ 1,307,769**	**$ 672,242**

Unconditional promises to give were scheduled to be received as follows as of July 31:

	2015	2014
1 year or less	$ 1,150,983	$ 631,792
2 to 5 years	171,942	46,250
Total	**$ 1,322,925**	**$ 678,042**

4. PROPERTY AND EQUIPMENT

Net property and equipment consisted of the following assets at July 31:

	2015	2014
Furniture, fixtures, and equipment	$ 314,763	$ 273,902
Vehicles	246,349	48,810
Building	967,687	967,687
Building improvements	700,311	700,311
Land	241,922	241,922
Construction in progress	645,026	182,558
Total	3,116,058	2,415,190
Less accumulated depreciation	427,978	334,612
Net property and equipment	**$ 2,688,080**	**$ 2,080,578**

Construction in progress consists of construction costs for a new building. The Organization expects the facility to be completed and put into service during December 2016 at an additional cost of approximately $1,500,000.

Depreciation expense for the years ended July 31, 2015 and 2014, totaled $93,366 and $72,042, respectively.

5. MORTGAGE PAYABLE

Mortgage note payable consisted of the following at July 31:

	2015	2014
Mortgage note payable to The Florida United Methodist Foundation, Inc., at an interest rate of 3.5%, requiring monthly payments of principal and interest in the amount of $6,620. The loan is collateralized by the land and building. Maturity date is October 1, 2025.	$ 639,707	$ 695,004

Scheduled annual future principal payments for each of the five years succeeding July 31, 2015 and thereafter, are summarized as follows:

Year	Amount
2016	$ 57,975
2017	60,037
2018	62,172
2019	64,384
2020	66,674
Thereafter	328,465
Total	**$ 639,707**

6. NET ASSETS

Temporarily restricted net assets consist of the following at July 31:

	2015	2014
Capital campaign	$ 2,431,191	$ 1,062,737
Operating promises to give	49,916	70,341
Endowment	5,174	2,567
Technology	2,715	2,715
Restricted - other	39,750	39,750
Total	**$ 2,528,746**	**$ 1,178,110**

The Board of Directors has designated net assets as of July 31 as follows:

	2015	2014
Operating reserve	$ 287,834	$ 287,834
Capital	247,910	247,910
Endowment fund	26,637	26,005
Total	**$ 562,381**	**$ 561,749**

The Board has designated $26,637 and $26,005 to be used as an endowment fund as of July 31, 2015 and 2014, respectively. The Organization's separate fund held at the local community foundation has been designated, in part, by the Board of Directors as a quasi-endowment fund. Net assets associated with this fund are classified as unrestricted in the accompanying financial statements.

Endowment
Contributions to the Organization's endowment fund are invested in accordance with The Organization's investment policy. The Organization's endowment consists of board designated and donor-restricted endowment funds. As required, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board-designated endowment was established effective July 2013 with an initial contribution of $25,000 to the fund held by the local community foundation; there were no donor-restricted endowment funds at July 31, 2015. Donor-restricted contributions to the fund held by the local community foundation during the year ended July 31, 2015 and 2014 amounted to $39,160 and $63,893.

Interpretation of Relevant Law
The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the historical dollar value of gifts donated to the permanent endowment, (b) the historical dollar value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that would not be classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. For board-designated endowment funds, the entire balances are classified as unrestricted. 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 various funds
2. The purposes of the Organization and donor-restricted funds
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policy of the Organization

Return Objectives and Risk Parameters
The Organization has adopted an investment and spending practice for the endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The total expected net return based on this practice has been deemed to be acceptable under the risk/return objectives expected by the Board of Directors. Actual returns in any given year may vary from expectations.

Strategies Employed for Achieving Objectives
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 conservative investments to achieve its long-term return objectives within prudent risk constraints.

Spending and How the Investment Objectives Relate to Spending Practices

Over the long term, the Organization expects the current spending practice to allow its endowment to grow at an average rate equal to or greater than the consumer price index. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

The fair value of cash and investments held in endowment accounts at July 31, 2015 and 2014 amounted to $134,864 and $92,465, respectively.

Changes in endowment net assets for the year ended July 31 are as follows:

	Board Designated/ Unrestricted	Donor-Restricted		Total
		Temporarily Restricted	Permanently Restricted	
Changes in endowment net assets for the year ended July 31, 2015				
Net investment return	$ 632	$ 2,607	$ -	$ 3,239
Contributions	-	-	39,160	39,160
Appropriation of endowment assets for expenditure	-	-	-	-
Changes in endowment net assets	632	2,607	39,160	42,399
Endowment net assets, Beginning of year, August 1, 2014	26,005	2,567	63,893	92,465
End of year, July 31, 2015	$ 26,637	$ 5,174	$ 103,053	$ 134,864

	Board Designated/ Unrestricted	Donor-Restricted		Total
		Temporarily Restricted	Permanently Restricted	
Changes in endowment net assets for the year ended July 31, 2014				
Net investment return	$ 1,005	$ 2,567	$ -	$ 3,572
Contributions	-	-	63,893	63,893
Appropriation of endowment assets for expenditure	-	-	-	-
Changes in endowment net assets	1,005	2,567	63,893	67,465
Endowment net assets Beginning of year, August 1, 2013	25,000	-	-	25,000
End of year, July 31, 2014	$ 26,005	$ 2,567	$ 63,893	$ 92,465

The Board designated the initial $25,000 to fund the endowment account. The investment return earned from the Board Designated assets amounted to $632 and $1,005 for the years ended July 31, 2015 and 2014; the return on investment is presented as a component of unrestricted net assets within the accompanying financial statements.

7. RETIREMENT PLAN

The Organization provides a SIMPLE IRA plan for full-time employees. Contributions are 12% of salary and housing expense per what the Board approves for the executive director and 3% for all other full-time employees. Pension expense totaled $10,837 and $18,632 during the years ended July 31, 2015 and 2014, respectively.

8. RELATED PARTY TRANSACTIONS

Total outstanding pledge receivables due from related party board members and employees at July 31, 2015 and 2014, respectively, are $291,942 (for capital) and $11,800 ($10,500 for capital and $1,300 for operating).