

CHILDREN'S ONCOLOGY SERVICES, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Children's Oncology Services, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of CHILDREN'S ONCOLOGY SERVICES, INC. (an Illinois not for profit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, 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.

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 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 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 CHILDREN'S ONCOLOGY SERVICES, INC. as of September 30, 2016 and 2015, 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.

Worady + Davis LLP

April 21, 2017

STATEMENTS OF FINANCIAL POSITION

As of September 30	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,296,561	\$ 3,053,549
Contributions Receivable	44,928	—
Prepaid Expenses	77,737	74,079
Pledges Receivable	35,000	36,000
Total Current Assets	<u>1,454,226</u>	<u>3,163,628</u>
NONCURRENT ASSETS		
Security Deposit	1,493	1,493
Pledges Receivable - Long-Term, net	18,997	19,324
Investments	2,868,868	977,386
Property and Equipment, net	4,969	4,383
Total Other Assets	<u>2,894,327</u>	<u>1,002,586</u>
	<u>\$ 4,348,553</u>	<u>\$ 4,166,214</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 78,135	\$ 50,079
Accrued Wages	59,500	95,300
Total Current Liabilities	<u>137,635</u>	<u>145,379</u>
NET ASSETS		
Unrestricted		
Board-Designated	1,500,000	1,500,000
Undesignated	1,177,383	1,238,770
Total Unrestricted	<u>2,677,383</u>	<u>2,738,770</u>
Temporarily Restricted	1,533,535	1,282,065
	<u>4,210,918</u>	<u>4,020,835</u>
	<u>\$ 4,348,553</u>	<u>\$ 4,166,214</u>

STATEMENTS OF ACTIVITIES

For the Years Ended September 30

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES						
Contributions						
Contributions	\$ 609,963	\$ 614,649	\$ 1,224,612	\$ 1,038,450	\$ 1,319,202	\$ 2,357,652
Donated Professional Services	2,325		2,325	7,525		7,525
Special Event						
Fund-Raising Events	706,868		706,868	493,796	50,000	543,796
Less: Event Expenses	(299,913)		(299,913)	(210,676)		(210,676)
Net Fund Raising Events	406,955		406,955	283,120	50,000	333,120
Total Direct Public Support	1,019,243	614,649	1,633,892	1,329,095	1,369,202	2,698,297
Program Service Fees	13,897		13,897	31,625		31,625
Investment Income (Loss)	308,453		308,453	(46,869)		(46,869)
Net Assets Released from Restrictions	363,179	(363,179)	—	191,759	(191,759)	—
Total Revenue and Other Support	1,704,772	251,470	1,956,242	1,505,610	1,177,443	2,683,053
EXPENSES						
Program Services	1,352,468		1,352,468	1,206,818		1,206,818
Support Services						
Management and General	175,217		175,217	195,518		195,518
Fund-Raising	238,474		238,474	257,737		257,737
Total	1,766,159		1,766,159	1,660,073		1,660,073
CHANGE IN NET ASSETS	(61,387)	251,470	190,083	(154,463)	1,177,443	1,022,980
Net Assets, Beginning	2,738,770	1,282,065	4,020,835	2,893,233	104,622	2,997,855
NET ASSETS, ENDING	\$ 2,677,383	\$ 1,533,535	\$ 4,210,918	\$ 2,738,770	\$ 1,282,065	\$ 4,020,835

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2016

	Support Services				Total Expenses
	Program Services	Management and General	Fundraising	Total	
Salaries and Wages	\$ 295,505	\$ 50,353	\$ 140,171	\$ 190,524	\$ 486,029
Payroll Taxes	18,464	3,146	8,758	11,904	30,368
Employee Benefits	17,367	2,858	2,340	5,198	22,565
Bank and Credit Card Fees	—	—	2,403	2,403	2,403
Camp Supplies and Other Expenses	139,405	—	—	—	139,405
Data Processing	9,403	—	33,336	33,336	42,739
Depreciation	1,035	345	345	690	1,725
Donated Services	—	2,325	—	2,325	2,325
Donations	50,000	500	—	500	50,500
Equipment and Storage Facility Rental	7,876	—	—	—	7,876
Insurance	47,874	7,660	2,660	10,320	58,194
Licenses and Fees	—	—	740	740	740
Marketing and Promotional Items	—	—	25,488	25,488	25,488
Meetings	12,910	5,036	—	5,036	17,946
Miscellaneous	—	—	805	805	805
Moving Expense	2,400	—	—	—	2,400
Occupancy	28,555	9,519	9,519	19,038	47,593
Office Supplies	—	2,754	—	2,754	2,754
Postage and Shipping	595	198	198	396	991
Printing	3,477	10,017	—	10,017	13,494
Professional Fees	65,125	73,895	10,500	84,395	149,520
Program Meals and Activities	48,945	—	—	—	48,945
Room and Board	484,368	—	—	—	484,368
Scholarships	3,223	—	—	—	3,223
Transportation	93,819	5,400	—	5,400	99,219
Technology	7,575	—	—	—	7,575
Telephone, Internet and Other Communications	14,547	1,211	1,211	2,422	16,969
TOTALS	\$ 1,352,468	\$ 175,217	\$ 238,474	\$ 413,691	\$ 1,766,159

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended September 30, 2015

	Support Services				Total Expenses
	Program Services	Management and General	Fundraising	Total	
Salaries and Wages	\$ 179,847	\$ 8,144	\$ 91,883	\$ 100,027	\$ 279,874
Payroll Taxes	12,614	571	6,444	7,015	19,629
Employee Benefits	9,562	308	412	720	10,282
Bank and Credit Card Fees	—	—	4,399	4,399	4,399
Camp Supplies and Other Expenses	112,143	—	—	—	112,143
Data Processing	10,155	—	36,004	36,004	46,159
Depreciation	854	284	284	568	1,422
Donated Services	—	7,525	—	7,525	7,525
Equipment and Storage Facility Rental	4,229	2,428	—	2,428	6,657
Insurance	46,207	5,667	2,567	8,234	54,441
Licenses and Fees	—	—	1,970	1,970	1,970
Marketing and Promotional Items	—	8,974	838	9,812	9,812
Meetings	8,722	9,588	5,734	15,322	24,044
Miscellaneous	—	313	1,089	1,402	1,402
Moving Expense	2,225	—	—	—	2,225
Occupancy	22,545	7,515	7,515	15,030	37,575
Office Supplies	—	7,761	—	7,761	7,761
Postage and Shipping	1,892	631	631	1,262	3,154
Printing	15,604	10,017	7,942	17,959	33,563
Professional Development	—	176	—	176	176
Professional Fees	203,895	122,343	83,700	206,043	409,938
Program Meals and Activities	52,406	—	—	—	52,406
Repairs and Maintenance	—	675	—	675	675
Room and Board	395,203	—	—	—	395,203
Scholarships	6,455	—	—	—	6,455
Transportation	104,806	1,512	—	1,512	106,318
Technology	9,879	—	5,240	5,240	15,119
Telephone, Internet and Other Communications	7,575	1,086	1,085	2,171	9,746
TOTALS	\$ 1,206,818	\$ 195,518	\$ 257,737	\$ 453,255	\$ 1,660,073

STATEMENTS OF CASH FLOWS

For the Years Ended September 30	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 190,083</u>	<u>\$ 1,022,980</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Stock Donations	(81,970)	(5,482)
Realized Gain on Sales of Donated Stocks	(4,022)	(214)
Realized/Unrealized Loss (Gain) on Investment	(241,555)	55,414
Depreciation	1,725	1,422
Contributions Receivable	(44,928)	93,324
Prepaid Expenses	(3,658)	8,065
Pledges Receivable	1,327	24,298
Accounts Payable and Accrued Expenses	28,056	(21,120)
Accrued Wages	(35,800)	95,300
Deferred Revenue	—	(7,350)
Total Adjustments	<u>(380,825)</u>	<u>243,657</u>
Net Cash Provided (Used) by Operating Activities	<u>(190,742)</u>	<u>1,266,637</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,860,126)	(1,032,800)
Proceeds from Sales of Investments	210,199	—
Proceeds from Sales of Donated Stocks	85,992	5,696
Purchase of Property and Equipment	(2,311)	—
Redemptions of Certificates of Deposits	—	1,017,993
Net Cash Used by Investing Activities	<u>(1,566,246)</u>	<u>(9,111)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,756,988)	1,257,526
Cash and Cash Equivalents, Beginning	<u>3,053,549</u>	<u>1,796,023</u>
CASH AND CASH EQUIVALENTS, ENDING	\$ 1,296,561	\$ 3,053,549

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Donated Services	<u>\$ 2,325</u>	<u>\$ 7,525</u>
Donated Prizes and Auction Items	<u>\$ 7,502</u>	<u>\$ 6,290</u>

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

Children's Oncology Services, Inc. (the Organization) was organized as a not-for-profit corporation in 1998. Its purpose is to provide positive, safe and fun camping and other experiences for children and adolescents diagnosed with cancer, while benefiting volunteers and families affected by childhood cancer.

The Organization's support comes primarily from corporate, foundation and individual donor contributions as well as various fund-raising activities. There were no concentrations for the year ended September 30, 2016. One donor contributed 46% of total revenues for the year ended September 30, 2015 as a result of a one-time grant received during 2015 which required the funds to be expended over the next 10 years for camp programs. Two fund-raising events provided 22% of total revenues for the year ended September 30, 2016 and one fund-raising event provided 9% of total revenues for the year ended September 30, 2015.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**FINANCIAL STATEMENT PRESENTATION**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Codification for "Financial Statements of Not-for-Profit Organizations". Under the standards, the Organization is required to report information regarding its financial position and activities into three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations plus those resources for which temporarily donor-imposed stipulations have been satisfied. Unrestricted net assets may otherwise be designated for specific purposes by action of the Board of Directors or may otherwise be limited to contractual agreements with outside parties.

Temporarily restricted net assets - Net assets whose use by the Organization is subject to donor-imposed stipulations that may or will be met either by actions of the Organization, pursuant to those stipulations and/or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the resources be maintained permanently by the Organization. Investment income, including realized and unrealized gains and losses, are 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 the Uniform Prudent Management of Institutional Funds Act (UPMIFA). There are no permanently restricted net assets at September 30, 2016 and 2015.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

CASH AND CASH EQUIVALENTS

Cash includes petty cash, amounts deposited in checking accounts and money market funds. The Organization considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**INVESTMENTS**

The Organization follows the provisions of the Financial Accounting Standards Board (FASB) Codification for accounting for investments held by not-for-profit organizations. This standard requires that investments in marketable securities be accounted for at fair value. Fair value is based on quoted market prices. Realized gains and losses are the differences between the proceeds received and the cost of investments sold. Unrealized gains and losses are the differences between the fair value and the cost of investments and are included in earnings. Due to the long-term nature of many of the temporarily restricted net assets that have been received for future purposes and periods and are included in the investment portfolio, the investments have been classified as non-current.

PLEDGES RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

PROPERTY AND EQUIPMENT

Property and equipment purchases of \$1,000 or more are recorded at cost. Donated assets are recorded at their fair market value on the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets ranging from 5 years to 10 years.

CONTRIBUTIONS

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 or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Amounts promised at year-end but not received until the following fiscal year are recorded as contributions receivable. Contributions receivable at September 30, 2016 were \$44,928. There were no contributions receivable at September 30, 2015.

DONATED ASSETS AND GOODS

Donated marketable securities are recorded as contributions at their estimated fair value at the date of donation. Donated materials are reflected as contributions at their estimated fair value at date of receipt. The Organization received donated prizes and auction items for its fundraising events for the years ended September 30, 2016 and 2015 totaling \$7,502 and \$6,290, respectively. These amounts are included in special event revenues and expenses on the statements of activities.

DONATED SERVICES

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and would need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization received donated accounting services totaling \$2,325 for the year ended September 30, 2016 and \$7,525 for the year ended September 30, 2015.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs, fundraising and operations. These donated services have not been reflected in the financial statements as they do not meet the criteria for recognition.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing 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.

INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization files information returns in the U.S, federal jurisdiction and in the State of Illinois.

The Organization follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Organization has taken or expects to take in its tax returns. Under the guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Organization believes that it has appropriate support for the positions taken on its returns.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2—CONCENTRATION OF CREDIT RISK

From time to time, the Organization's cash and cash equivalents balances at financial institutions exceed Federal Deposit Insurance ("FDIC") insurance limits. Management does not believe this presents a significant risk to the Organization.

NOTE 3—PLEDGES RECEIVABLE

The Organization has a comprehensive fund-raising campaign to generate funds for the Camp Programs and the Annual Ski Trip. Additionally, in 2016 a pledge was received for building campaign purposes. The program is designed to solicit pledges to be paid over a period of up to five years. The contributions are recorded as temporarily restricted net assets at the time the pledges are received. When the restrictions are met, the amounts are recorded on the statement of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 3—PLEDGES RECEIVABLE (Continued)

Pledges receivable at September 30 represent unconditional promises to give and consist of amounts receivable in:

	<u>2016</u>	<u>2015</u>
Less than One Year	\$ 35,000	\$ 36,000
One to Five Years	<u>20,000</u>	<u>20,000</u>
	55,000	56,000
Less: Discount to Net Present Value.....	<u>1,003</u>	<u>676</u>
Net Pledges Receivable	53,997	55,324
Less Current Portion	<u>35,000</u>	<u>36,000</u>
Long-Term Portion	\$ 18,997	\$ 19,324

The discount rate used in determining the net present value of long-term pledges receivable is 3.5%. The Organization believes all amounts will be received in accordance with the terms of the signed pledges and, accordingly, no allowance for uncollectible pledges is necessary at September 30, 2016 and 2015.

NOTE 4—INVESTMENTS

Investments at September 30, 2016 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Exchange-Traded Funds	\$ 2,678,702	\$ 2,868,868	\$ 190,166

Investments at September 30, 2015 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Exchange-Traded Funds	\$ 1,032,800	\$ 977,386	\$ (55,414)

The following schedule summarizes the investment return for the years ended September 30:

	<u>2016</u>	<u>2015</u>
Interest Income	\$ 393	\$ 4,038
Dividend Income	62,483	4,293
Net Realized Gain.....	4,020	214
Net Unrealized Gain (Loss)	<u>241,557</u>	<u>(55,414)</u>
Investment Income (Loss)	\$ 308,453	\$ (46,869)

NOTES TO FINANCIAL STATEMENTS

NOTE 5—FAIR VALUE MEASUREMENTS

The FASB Codification provides a framework for measuring fair value using a 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 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 specified (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's 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. There have been no changes in the methodologies used at September 30, 2016 and 2015.

Level 1 Fair Value Measurements

The fair values of exchange-traded funds are based on quoted market prices in active markets for identical assets, when available. All investments are measured on a recurring basis using level 1 measurements.

Level 2 Fair Value Measurements

The Organization has no level 2 fair value measurements.

Level 3 Fair Value Measurements

The Organization has no level 3 fair value measurements.

NOTES TO FINANCIAL STATEMENTS

NOTE 6—PROPERTY AND EQUIPMENT

At September 30, property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Computer and Office Equipment.....	\$ 24,016	\$ 21,705
Less Accumulated Depreciation	<u>19,047</u>	<u>17,322</u>
	<u>\$ 4,969</u>	<u>\$ 4,383</u>

Depreciation expense was \$1,725 and \$1,422 for the years ended September 30, 2016 and 2015, respectively.

NOTE 7—BOARD-DESIGNATED NET ASSETS

The Board of Directors has designated \$1,500,000 of unrestricted net assets for long-term investment.

NOTE 8—TEMPORARILY RESTRICTED NET ASSETS

Balances in the temporarily restricted funds are available for use in future periods for various purposes as follows:

ANNUAL SKI TRIP FUND

The annual Ski Trip Fund was established to provide additional funding for a one-week skiing and winter sports program for children ages 10 to 19.

CAMP PROGRAMS FUND

The Camp Programs Fund was established to provide additional funding for camp experiences and other educational and excursion programs throughout the year.

The following is a summary of net assets temporarily restricted for specific purposes as of September 30:

	<u>2016</u>	<u>2015</u>
Annual Ski Trip Fund	\$ —	\$ 13,249
Camp Programs	1,334,445	1,262,816
Conference Point Center Building Campaign	199,090	—
Time Restrictions (Pledges Receivable)	<u>—</u>	<u>6,000</u>
	<u>\$ 1,533,535</u>	<u>\$ 1,282,065</u>

In 2015, the Organization funded annual ski trip expenses in excess of pledges collected of \$36,075 thus amounts were released from restriction as funds were expended from unrestricted net assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 9—CONDITIONAL PLEDGE COMMITMENT

During the year ended September 30, 2016, the Organization made a \$400,000 conditional pledge commitment to Conference Point, another not-for-profit organization which hosts many of the Organization's camp programs. The Organization is negotiating the conditions under which this pledge will be made to provide \$400,000 towards Conference Point's new building project over a 3-year period, payable in installments of \$250,000 in fiscal 2017, \$100,000 in fiscal 2018 and \$50,000 in fiscal 2019. As of September 30, 2016, the Organization has raised \$199,090 against this future commitment (see Note 8).

NOTE 10—LEASE COMMITMENT

In May 2014, the Organization entered into a lease for a new office in the same facility. The Organization is responsible for all costs including maintenance, insurance, and utilities. The new space was not available until September, 2014, thus the monthly rent at the inception of the lease was \$1,723, which was the previous rental space amount. In September 2014, the new rental amount became \$3,229 and increases annually by 3% in May of each year. The lease provides for a rent abatement of two months in the first year after the move. The lease expires on June 30, 2017.

Additionally, the Organization has a postage machine lease for \$284 per quarter which expired in June 2016 and was extended through June 2018 for \$365 per quarter.

Minimum rental commitments under noncancelable lease agreements are as follows:

Years Ending September 30	
2017	\$ 32,502
2018	<u>1,095</u>
	<u>\$ 33,597</u>

Rent expense for the office lease which is included in occupancy expense in the statements of functional expense was \$40,417 for 2016 and \$32,780 for 2015, and equipment and storage facility rental expense was \$7,876 for 2016 and \$6,657 for 2015.

NOTE 11—EMPLOYEE BENEFIT PLANS

The Organization sponsored a 403(b) retirement plan for the benefit of its employees. The plan requires one year of service before an employee is eligible to contribute to the plan. The plan was terminated on October 2, 2014.

NOTE 12—SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 21, 2017, the date which the financial statements were available to be issued. There are no subsequent events that require disclosure.