Two Ten Footwear Foundation, Inc.

Financial Statements
and
Independent Auditors' Report

June 30, 2016 and 2015

Two Ten Footwear Foundation, Inc.

Contents

DD&CO
Daniel Dennis & Company LLP
Certified Public Accountants

Independent Auditors' Report

The Board of Directors of
Two Ten Footwear Foundation, Inc.

We have audited the accompanying financial statements of Two Ten Footwear Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Two Ten Footwear Foundation, Inc. as of June 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.

Daniel Dennis & Company LLP

November 22, 2016

Dedham Executive Center, 990 Washington Street, Suite 308A, Dedham, Massachusetts 02026 (617) 262-9898 Fax (617) 437-9937

Two Ten Footwear Foundation, Inc.
Statements of Financial Position
June 30, 2016 and 2015

Assets	*2016*	*2015*
Current Assets		
Cash and cash equivalents	$ 191,389	$ 155,731
Prepaid expenses and deposits	33,226	29,692
Deferred expenses	283,307	267,683
Contributions receivable (less allowance for doubtful accounts of $97,113 and $85,571 in 2016 and 2015, respectively)	1,005,257	100,972
Total current assets	1,513,179	554,078
Fixed Assets		
Property and equipment, net	2,132,878	2,241,438
Other Assets		
Investments	33,208,830	35,327,213
Contributions receivable	1,282,200	894,165
Total other assets	34,491,030	36,221,378
Total assets	$38,137,087	$39,016,894
Liabilities and Net Assets		
Current Liabilities		
Accounts payable, trade	$ 33,174	$ 16,176
Accrued liabilities	55,461	55,201
Deferred income	326,620	193,855
Total current liabilities	415,255	265,232
Other Liabilities		
Annuities payable	98,530	102,117
Total liabilities	513,785	367,349
Net Assets		
Unrestricted:		
Board designated	830,184	830,184
Undesignated	5,450,058	7,114,755
Temporarily restricted	4,093,884	4,332,578
Permanently restricted	27,249,176	26,372,028
Total net assets	37,623,302	38,649,545
Total liabilities and net assets	$38,137,087	$39,016,894

See accompanying notes to financial statements.

Two Ten Footwear Foundation, Inc.
Statements of Activities
For the Years Ended June 30, 2016 and 2015

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*2016 Total*	*2015 Total*
Revenue and Support:					
Annual giving	$ 1,173,379	$ -	$ -	$ 1,173,379	$ 1,165,863
Gross revenues from special events	3,465,893	-	-	3,465,893	3,165,921
less: direct event expenses	(1,081,436)	-	-	(1,081,436)	(1,054,924)
Net revenues from special events	2,384,457	-	-	2,384,457	2,110,997
Interest and dividends	176,552	1,337,502	-	1,514,054	1,727,707
Allocated investment income	(23,951)	-	-	(23,951)	(127,994)
Net assets released from restrictions	837,750	(837,750)	-	-	-
Other	5,277	-	-	5,277	7,313
Total revenue and support	4,553,464	499,752	-	5,053,216	4,883,886
Expenses:					
Human services	3,241,014	-	-	3,241,014	3,028,666
Membership and education	172,329	-	-	172,329	136,832
Leadership development/public awareness	496,164	-	-	496,164	438,322
Total program expenses	3,909,507	-	-	3,909,507	3,603,820
Management and administration	702,798	-	-	702,798	753,797
Fundraising	614,668	-	-	614,668	650,222
Total expenses	5,226,973	-	-	5,226,973	5,007,839
Change in net assets before other changes	(673,509)	499,752	-	(173,757)	(123,953)
Other changes:					
Contributions	-	433,000	877,148	1,310,148	1,186,016
Net unrealized loss on investments	(1,059,521)	(1,138,447)	-	(2,197,968)	(1,607,151)
Net realized gain/(loss) on investments	87,773	(56,950)	-	30,823	480,909
Investment income allocation	-	23,951	-	23,951	127,994
Change in value of split interest agreements	(19,440)	-	-	(19,440)	(23,069)
Total other changes	(991,188)	(738,446)	877,148	(852,486)	164,699
Change in net assets	(1,664,697)	(238,694)	877,148	(1,026,243)	40,746
Net assets, beginning of year	7,944,939	4,332,578	26,372,028	38,649,545	38,608,799
Net assets, end of year	$ 6,280,242	$ 4,093,884	$27,249,176	$37,623,302	$38,649,545

See accompanying notes to financial statements.

Two Ten Footwear Foundation, Inc.
Statement of Activities
For the Year Ended June 30, 2015

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Revenue and Support:				
Annual giving	$ 1,165,863	$ -	$ -	$ 1,165,863
Gross revenues from special events	3,165,921	-	-	3,165,921
less: direct event expenses	(1,054,924)	-	-	(1,054,924)
Net revenues from special events	2,110,997	-	-	2,110,997
Interest and dividends	301,626	1,426,081	-	1,727,707
Allocated investment income	(127,994)	-	-	(127,994)
Net assets released from restrictions	767,687	(767,687)	-	-
Other	7,313	-	-	7,313
Total revenue and support	4,225,492	658,394	-	4,883,886
Expenses:				
Human services	3,028,666	-	-	3,028,666
Membership and education	136,832	-	-	136,832
Leadership development/public awareness	438,322	-	-	438,322
Total program expenses	3,603,820	-	-	3,603,820
Management and administration	753,797	-	-	753,797
Fundraising	650,222	-	-	650,222
Total expenses	5,007,839	-	-	5,007,839
Change in net assets before other changes	(782,347)	658,394	-	(123,953)
Other changes:				
Contributions	-	-	1,186,016	1,186,016
Net unrealized loss on investments	(280,579)	(1,326,572)	-	(1,607,151)
Net realized gain on investments	165,767	315,142	-	480,909
Investment income allocation	-	127,994	-	127,994
Change in value of split interest agreements	(23,069)	-	-	(23,069)
Total other changes	(137,881)	(883,436)	1,186,016	164,699
Change in net assets	(920,228)	(225,042)	1,186,016	40,746
Net assets, beginning of year	8,865,167	4,557,620	25,186,012	38,608,799
Net assets, end of year	$ 7,944,939	$ 4,332,578	$26,372,028	$38,649,545

See accompanying notes to financial statements.

Two Ten Footwear Foundation, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	*2015*
Cash Flows From Operating Activities:		
Change in net assets	$ (1,026,243)	$ 40,746
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	124,942	129,284
Bad debt	30,000	60,000
Net realized gains on long-term investments	(30,823)	(480,909)
Net unrealized losses on long-term investments	2,197,968	1,607,151
Investment management fees	95,291	99,112
Dividend income	(1,514,054)	(1,727,707)
Change in net present value discount	62,715	(15,554)
Change in value of split-interest agreements	19,440	23,069
Changes in assets and liabilities		
Contributions receivable	(1,404,473)	(38,569)
Prepaid and deferred expenses	(19,158)	(234,071)
Accounts payable and accrued liabilities	17,258	(43,231)
Deferred income	132,765	(113,638)
Net cash used by operating activities	(1,314,372)	(694,317)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(16,383)	(26,866)
Purchase of investments	-	(2,500,000)
Proceeds from sale of investments	1,370,000	3,150,000
Net cash provided by investing activities	1,353,617	623,134
Cash Flows From Financing Activities:		
Payment of annuities	(3,587)	971
Net cash (used)/provided by financing activities	(3,587)	971
Net increase/(decrease) in cash and cash equivalents	35,658	(70,212)
Cash and cash equivalents, beginning of year	155,731	225,943
Cash and cash equivalents, at end of year	$ 191,389	$ 155,731

See accompanying notes to financial statements.

Note A – Summary of Significant Accounting Policies

Two Ten Footwear Foundation, Inc. (the "Foundation") is a public charity incorporated under the laws of Massachusetts to provide financial assistance to worthy individuals or to aid them in furthering their education at any school, college, university, or other institute of higher learning or to make donations to domestic entities organized and operated exclusively for charitable, scientific or educational purposes. Additionally, the Foundation provides counseling and financial assistance to people in the shoe industry and the leather and allied trades. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

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

Unrestricted – Net assets that are not subject to donor-imposed restrictions or for which restrictions have expired in the current reporting period.

Temporarily restricted – Net assets subject to donor-imposed restrictions that permit the Foundation to use or expend the donated assets as specified and are satisfied by either the passage of time or by actions of the Foundation. Temporarily restricted net assets also include, under Massachusetts law, cumulative appreciation and reinvested gains on permanently restricted *endowment* funds, which are subject to prudent appropriation by the Board of Directors.

Permanently restricted – Net assets subject to donor-imposed stipulations that the principal be maintained in perpetuity by the Foundation, the income from which is available to support the general operations of the Foundation.

The Foundation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Note A – Summary of Significant Accounting Policies – *Continued*

The restricted net assets of the Foundation consist of the following fund groups:

Permanently Restricted and Temporarily Restricted Funds

Scholarship Fund – represents donor restricted endowments (permanent) and investment income and gains (temporarily restricted). Income may only be expended for qualifying scholarship payments.

Building Fund – represents donor restricted funds solely for the purchase and maintenance of the building used to house the offices of the Foundation (temporarily restricted).

Leadership Fund – represents donor restricted endowments (permanent) and investment income and gains (temporarily restricted). Income may only be used for the purpose of developing new leadership within the Foundation.

Gerontology Fund – represents donor restricted endowments (permanent) and investment income and gains (temporarily restricted). Income may only be used to provide special resources for elderly people.

Children's Fund – represents donor restricted endowments (permanent) and investment income and gains (temporarily restricted). Income may only be used to provide special resources for children.

Relief Fund – represents donor restricted endowments (permanent) and investment gains (temporarily restricted) and unrestricted funds and resources from investment income available for support and promotion of Foundation activities.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. The Foundation's cash is placed in high quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses in such accounts.

Note A – Summary of Significant Accounting Policies – *Continued*

Contributions Receivable

Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of donors to meet their obligations. It is the Foundation's policy to charge off uncollectible contributions receivable when management determines the receivable will not be collected. Because of the inherent uncertainties in estimating the allowance for doubtful accounts, it is at least reasonably possible that the estimates used will change within the near term.

Unconditional promises to give (contribution receivable) are reported at fair value on the date the promise is verifiably committed. 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 the estimated future cash flows. The discounts on those amounts are computed using a risk free interest rate applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- 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.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note A – Summary of Significant Accounting Policies – *Continued*

Fair Value Measurements - continued

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.

Investments

Investments have been valued using a market approach. There have been no changes in valuation techniques and related inputs. All investment securities owned by the Foundation are held by independent custodians. The investments of the Foundation are carried on a pooled basis. Investment income, interest income and unrealized and realized gains or losses from investment transactions are allocated among the participating funds based on the market values of the investments allocated to each fund. Investment income consists of dividends and interest and is included in revenues and support. Unrealized and realized gains and losses are determined using average cost basis and include capital gains from mutual funds reinvested and are reported under *other changes* in net assets.

The financial statements include investments in alternative funds valued at $14,932,132 and $15,467,776 at June 30, 2016 and 2015, with cost basis' of $12,000,000 and $12,000,000, respectively, whose values have been estimated by the investment managers of the underlying alternative funds in the absence of readily determinable fair values. Those estimated fair values may differ significantly from values that would have been used had a ready market for these investments existed at June 30, 2016 and 2015, and the differences could be material.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from Federal and Commonwealth income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which the Foundation had none for the years ended June 30, 2016 and 2015, would be subject to Federal and Commonwealth income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

GAAP requires the evaluation of tax positions taken or expected to be taken in the Foundation's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. The Foundation has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2016 returns and believes they are more-likely-than-not of being sustained if examined by Federal or Commonwealth tax authorities. The Foundation's 2013 through 2016 tax years remain subject to tax examination by Federal and Commonwealth tax authorities.

Note A – Summary of Significant Accounting Policies – *Continued*

Charitable Gift Annuities

Assets received under gift annuity agreements are recorded at the fair market value of the assets when the assets are received by the Foundation as trustee. In conjunction with these gifts, the Foundation has recorded a liability equal to the present value of future cash flows expected to be paid to the beneficiaries based on actuarial expected lives of the beneficiaries.

Special Events Income

The Foundation records income and expenses from special event activities when the event has been completed. Expenditures incurred and income received for events that are to be held at future dates have been recorded as deferred expenses and deferred income, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on relative effort exerted for the related function.

Use of Estimates

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. The Foundation capitalizes property and equipment with a cost of greater than $1,000 and a useful life longer than one year. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives, principally on the straight-line basis. The Foundation uses the direct expensing method to account for planned major maintenance activities.

Note A – Summary of Significant Accounting Policies – *Continued*

Reclassifications

Certain amounts have been reclassified in the 2015 financial statements to conform to the current year presentation.

Note B – Investments

Investments consisted of the following at June 30:

	2016	*2015*
Domestic equity funds	$ 8,273,419	$ 9,098,611
Fixed income funds	6,612,841	6,932,739
International equity funds	3,390,438	3,828,087
Alternative investment funds	14,932,132	15,467,776
Total investments	$ 33,208,830	$ 35,327,213

The Foundation classifies its investments into: Level 1, which relate to securities traded on an active market, Level 2, which relate to securities not traded on an active market but for which observable market inputs are readily available and Level 3 which relate to securities not actively traded and for which no significant observable inputs are readily available. At June 30, 2016 and 2015, all of the Foundations investments except for the Alternative Investment Funds were Level 1 investments. The Alternative Investment Funds are Level 3 investments. Although the Alternative Investment Funds are considered Level 3 investments their underlying assets are well diversified across multiple asset classes with the goal of generating risk adjusted returns over a long-term horizon.

The following presents a reconciliation of the Foundation's beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3):

Fair Value	*2015*	*2014*
Balance beginning of year	$ 15,467,776	$13,441,422
Purchases	-	$ 2,000,000
Unrealized gain included in change in net assets	(535,644)	26,354
Balance end of year	$ 14,932,132	$15,467,776
Unrealized gain related to assets still held at end of year	$ 2,932,132	$ 3,467,776

All investments have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Note B – Investments – *Continued*

Endowment Investment and Spending Policies

The Foundation follows the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and its own governing documents. The Foundation's endowment consists of several individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Board of Directors has interpreted the 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 Foundation 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 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 Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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 donor-restricted endowment funds, (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 Foundation, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending polices, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 6.25%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters.

Note B – Investments – *Continued*

Endowment Investment and Spending Policies - continued

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount at least equal to 5% of a moving thirteen quarter average of the fair value of the endowment funds. Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow at an average rate of 1.25% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

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

	2016	*2015*
Temporarily restricted	$ 4,093,884	$ 4,332,578
Permanently restricted	27,249,176	26,372,028
Total	$31,343,060	$ 30,704,606

Changes in endowment net assets for years ending June 30, 2016 and 2015 are as follows:

	Temporarily Restricted	*Permanently Restricted*	*Total Endowment*
2015			
Endowment net assets June 30, 2014	$ 4,557,620	$ 25,186,012	$ 29,743,632
Contributions	-	1,186,016	1,186,016
Investment income	1,426,081	-	1,426,081
Net depreciation	(1,011,430)	-	(1,011,430)
Released from restriction	(767,687)	-	(767,687)
Amounts appropriated for expenditure	127,994	-	127,994
Endowment net assets June 30, 2015	$ 4,332,578	$ 26,372,028	$ 30,704,606
2016			
Endowment net assets June 30, 2015	$ 4,332,578	$ 26,372,028	$ 30,704,606
Contributions	433,000	877,148	1,310,148
Investment income	1,337,502	-	1,337,502
Net depreciation	(1,195,397)	-	(1,195,397)
Released from restriction	(837,750)	-	(837,750)
Amounts appropriated for expenditure	23,951	-	23,951
Endowment net assets June 30, 2016	$ 4,093,884	$ 27,249,176	$ 31,343,060

Note B – Investments – *Continued*

The investments are subject to market fluctuations and due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the financial statements.

Note C – Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2016	*2015*
Endowment pledges receivable	$ 1,988,466	$1,006,000
Relief pledges receivable	301,707	75,273
Other receivables	262,947	105,270
	2,553,120	1,186,543
Less: Net present value discount	(168,550)	(105,835)
Allowance for doubtful accounts	(97,113)	(85,571)
Contributions receivable, net	$ 2,287,457	$ 995,137

Contributions receivable are recorded at the net present value of their estimated future cash flows at a discount rate of 1.44% and 1.57% for 2016 and 2015, respectively. Contributions receivable expected to be realized are as follows at June 30:

	2016	*2015*
One year or less	$ 1,103,120	$ 186,543
Between one and five years	200,000	-
More than five years	1,250,000	1,000,000
	2,553,120	1,186,543
Less: Net present value	(168,550)	(105,835)
Allowance for doubtful accounts	(97,113)	(85,571)
Contributions receivable, net	$ 2,287,457	$ 995,137

At June 30, 2016 and 2015 contributions receivable include a single contribution from an individual donor in the amount of $1,000,000. The donation is payable upon the death of the donor's surviving spouse from a trust created upon the death of the donor or from the surviving spouse's estate. The current age of the surviving spouse is seventy-one. Management believes that there will be sufficient assets to fulfill the donors pledge at $1,000,000.

Note D – Property and Equipment

Property, equipment and improvements are comprised of the following at June 30:

	2016	*2015*
Computer equipment	$ 318,037	$ 314,213
Office equipment	42,490	42,490
Furniture and fixtures	144,483	144,483
Building and building improvements	2,900,545	2,887,986
	3,405,555	3,389,172
Less accumulated depreciation	(1,819,544)	(1,694,601)
	1,586,011	1,694,571
Land	546,867	546,867
Total	$2,132,878	$2,241,438
Depreciation expense	$ 124,942	$ 129,284

Note E – Retirement Plan

The Foundation maintains a defined contribution retirement plan covering substantially all of its employees. Contributions to the plan are determined as a percentage of each covered employee's salary. The Foundation contributed $34,280 and $32,341 to the plan for the years ended June 30, 2016 and 2015, respectively.

Note F – Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of contributions, gains on permanently restricted net assets and investment income with the following purpose restrictions:

	2016	*2015*
Scholarships	$ 433,000	$ 272,812
Building maintenance	209,119	213,661
Leadership development	69,551	76,492
Resources for the elderly	68,539	73,481
Resources for children	324,976	352,778
Support and promotion of Foundation activities	2,988,699	3,343,354
Total	$ 4,093,884	$ 4,332,578

Note G – Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment funds with income restricted for the following purposes:

	2016	*2015*
Scholarships	$11,219,029	$10,971,881
Leadership development	250,000	250,000
Resources for the elderly	159,000	159,000
Resources for children	954,955	954,955
Support and promotion of Foundation activities	14,666,192	14,036,192
Total	$27,249,176	$26,372,028

Note H – Designated Net Assets

During fiscal years 2012 and 2015 the Foundation received several substantial gifts from an individual's estate totaling $830,184. The board of directors has designated these assets for the purpose of preserving the Foundation's endowment fund.

Note I – Fundraising

Total fund-raising expense for the year ended June 30, 2016 and 2015 was $614,668 and $650,222, respectively. For 2016 and 2015 fund-raising expenses were 11.2% and 11.8% of the total annual event and contribution revenue, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

Note J – Subsequent Events

The Foundation has evaluated subsequent events through November 22, 2016, which is the date the financial statements were available to be issued.