Businesses United in Investing, Lending and Development

Financial Statements Year Ended June 30, 2015
(With Comparative Totals
for the Year Ended June 30, 2014)

armanino

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Businesses United in Investing, Lending and Development
Redwood City, California

We have audited the accompanying financial statements of Businesses United in Investing, Lending and Development (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 Businesses United in Investing, Lending and Development as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Businesses United in Investing, Lending and Development's financial statements as of and for the year ended June 30, 2014 were audited by Berger Lewis Accountancy Corporation, whose practice became part of Armanino LLP as of January 1, 2015, and whose report dated October 30, 2014, expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino LLP
San Jose, California

October 20, 2015

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
Statement of Financial Position
June 30, 2015
(With Comparative Totals as of June 30, 2014)

ASSETS

	2015	2014
Current assets		
Cash and cash equivalents	$ 1,766,131	$ 1,642,919
Current portion of grants receivable and promises to give	876,807	827,176
Prepaid expenses	15,650	7,985
Total current assets	2,658,588	2,478,080
Property and equipment, at cost		
Property and equipment	573,524	496,917
Accumulated depreciation	(383,168)	(338,707)
Total property and equipment, net	190,356	158,210
Other assets		
Cash held for endowment	226,126	223,253
Grants receivable and promises to give, net of current portion	445,503	555,624
Deposits	33,154	31,735
Total other assets	704,783	810,612
Total assets	$ 3,553,727	$ 3,446,902

LIABILITIES AND NET ASSETS

	2015	2014
Current liabilities		
Accounts payable and accrued expenses	$ 86,162	$ 181,307
Accrued payroll and related benefits	11,084	31,878
Accrued vacation	242,221	222,133
Total current liabilities	339,467	435,318
Net assets		
Unrestricted net assets		
Undesignated	1,475,801	1,005,486
Board designated for endowment	226,126	223,253
Total unrestricted net assets	1,701,927	1,228,739
Temporarily restricted net assets	1,512,333	1,782,845
Total net assets	3,214,260	3,011,584
Total liabilities and net assets	$ 3,553,727	$ 3,446,902

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

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
Statement of Activities
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue				
Grants and contributions	$ 1,661,590	$ 4,717,626	$ 6,379,216	$ 6,357,598
Government grants	280,185	-	280,185	34,000
Contributions in-kind	252,523	-	252,523	115,657
Special events (includes in-kind income of $153,822 and $65,212)	2,710,668	-	2,710,668	1,635,798
Less: special event costs (includes in-kind expenses of $153,822 and $65,212)	(704,641)	-	(704,641)	(532,092)
Interest income	469	-	469	617
Incubator income	-	9,002	9,002	3,512
Program service fees	40,048	-	40,048	-
Rental income	20,950	-	20,950	-
Loss on disposal of equipment	(12,534)	-	(12,534)	-
Net realized gain on investments	12,533	-	12,533	660
Total support and revenue	4,261,791	4,726,628	8,988,419	7,615,750
Net assets released from restrictions	4,997,140	(4,997,140)	-	-
Total support, revenue and net assets released from restrictions	9,258,931	(270,512)	8,988,419	7,615,750
Expenses				
Program services	5,912,437	-	5,912,437	5,036,408
Supporting services				
Management and general	1,306,181	-	1,306,181	754,440
Fundraising (see Note 2)	1,567,125	-	1,567,125	1,255,178
Total supporting services	2,873,306	-	2,873,306	2,009,618
Total expenses	8,785,743	-	8,785,743	7,046,026
Change in net assets	473,188	(270,512)	202,676	569,724
Net assets, beginning of year	1,228,739	1,782,845	3,011,584	2,441,860
Net assets, end of year	$ 1,701,927	$ 1,512,333	$ 3,214,260	$ 3,011,584

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

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
Statement of Functional Expenses
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Program Services	Supporting Services			Totals	
		Management and General	Fundraising	Total	2015	2014
Expenses						
Salaries	$ 3,640,520	$ 572,461	$ 1,033,804	$ 1,606,265	$ 5,246,785	$ 4,117,381
Payroll taxes	301,540	47,416	85,629	133,045	434,585	355,174
Employee benefits	405,426	63,752	115,130	178,882	584,308	389,266
Total salaries and related expenses	4,347,486	683,629	1,234,563	1,918,192	6,265,678	4,861,821
Professional Fees	264,619	262,539	87,007	349,546	614,165	472,441
Occupancy, including in-kind	451,738	23,547	72,701	96,248	547,986	512,924
Travel	186,322	43,493	40,394	83,887	270,209	279,673
Conferences, conventions and meetings	142,072	61,241	26,566	87,807	229,879	189,003
Supplies, including in-kind	172,586	20,989	5,221	26,210	198,796	149,873
Awards	101,224	-	-	-	101,224	101,812
Depreciation	66,298	9,164	22,856	32,020	98,318	93,798
Donated professional fees	34,500	53,317	-	53,317	87,817	81,253
Telephone	46,904	7,858	11,309	19,167	66,071	71,800
Printing and publication	20,284	30,951	5,104	36,055	56,339	33,782
Other operating expenses	2,640	10,681	36,870	47,551	50,191	30,673
Accounting and audit fees	-	48,672	-	48,672	48,672	41,899
Office equipment and software	32,402	7,795	5,063	12,858	45,260	45,645
Dues and subscriptions	1,714	25,084	3,022	28,106	29,820	15,080
Insurance	16,157	2,417	4,851	7,268	23,425	24,520
Training	8,008	9,018	5,690	14,708	22,716	16,673
Postage and shipping	7,876	1,703	1,798	3,501	11,377	7,736
Outside services	6,403	1,007	1,819	2,826	9,229	5,163
License fees	3,009	195	1,923	2,118	5,127	5,693
Web design and hosting	195	2,881	368	3,249	3,444	4,764
Total functional expenses	$ 5,912,437	$ 1,306,181	$ 1,567,125	$ 2,873,306	$ 8,785,743	$ 7,046,026
Percentage of total (see Notes 2 and 4)	67.3 %	14.9 %	17.8 %	32.7 %	100.0 %	

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

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
Statement of Cash Flows
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 202,676	$ 569,724
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	98,318	93,798
Donated furniture and equipment	(104,646)	(20,749)
Loss on disposal of equipment	12,534	-
Change in operating assets and liabilities		
Accounts receivable	-	3,890
Grants receivable and promises to give	60,490	(757,333)
Prepaid expenses	(7,665)	(2,089)
Deposits	(1,419)	8,164
Accounts payable and accrued expenses	(95,144)	86,803
Accrued payroll and related benefits	(20,794)	(4,407)
Accrued vacation	20,088	62,132
Cash provided by operating activities	164,438	39,933
Cash flows from investing activities		
Change in cash held for endowment	(2,873)	(5,823)
Purchase of property and equipment	(38,353)	(77,310)
Cash provided used in investing activities	(41,226)	(83,133)
Cash flows from financing activities		
Proceeds (payments) from line of credit	-	(350,000)
Cash used by financing activities	-	(350,000)
Net increase (decrease) in cash and cash equivalents	123,212	(393,200)
Cash and cash equivalents, beginning of year	1,642,919	2,036,119
Cash and cash equivalents, end of year	$ 1,766,131	$ 1,642,919

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

1. Organization

Businesses United in Investing, Lending and Development ("BUILD" or the "Organization"), is a tax-exempt, nonprofit organization founded in 1999 that uses entrepreneurship to excite and propel disengaged, low income students through high school to college success. By helping students start their own small businesses - and teaching them 21st Century skills that improve their academic performance and help them prepare for college - BUILD youth acquire the knowledge, skills and experiences necessary to succeed in school and career.

BUILD was incorporated in 2001 in California and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. BUILD has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to the Organization qualify for the maximum charitable deduction for federal income tax purposes.

2. Expansion and Development Costs

Beginning in 1999 as an elective class in one school in East Palo Alto, California, the BUILD program is now operating in a total of 19 schools in the San Francisco Bay Area, Washington DC, and Boston. Over the past four years, BUILD's student enrollment has grown on average 18% annually, currently serving over 1,450 students.

BUILD is not only growing to serve more students; it is committed to serving them better. BUILD recently expanded its mission to include not only college eligibility but also college persistence and success. We believe that successfully attaining a post secondary degree (i.e. receiving a bachelor's degree, associate's degree, or trade certificate) is essential for youth to find good-paying jobs in our economy. Reaching these outcomes will put BUILD students on the path to the American Dream and break the cycle of poverty in their families.

Raising the bar to post-secondary educational success demands that BUILD reshape its curriculum to push much harder on academics, particularly 21st Century skills that research shows promote college success and to integrate academics more explicitly into the entrepreneurship curriculum.

To support programmatic growth and new curriculum development, BUILD has focused on expanding its fundraising capacity with a resulting increase in development costs. The Organization is putting into place a national development team that can keep pace with BUILD's growth and ensure financial sustainability over the long term for each site and the Organization as a whole.

3. Program Services

BUILD's four-year, in-school and after-school programs are as follows:

Entrepreneurs 1 (E1) - Freshman Year - Planning a business. Freshmen enroll in a rigorous, credit bearing class for the entire academic year. Students learn the tenets of time management, goal setting and professional communication etiquette. In teams of 3-5 members, students develop comprehensive 20-30 page business plans based on ideas they create. The year culminates with participation in BUILD's Youth Business Plan Competition held at university graduate schools of business in our three regions.

3. Program Services (continued)

Entrepreneurs 2 (E2) - Sophomore Year - Running a business. Sophomores meet after school for up to 6 hours per week, for the entire academic year. In BUILD's Youth Business and Academic Incubator, they begin to operate their small businesses while learning negotiation, business ethics, venture capital, and more. Teams are assigned Venture Capital Advisors, who act on BUILD's behalf to finance student businesses with funding from BUILD. Simultaneously, sophomores receive academic coaching, advising and tutoring to ensure they get on track to graduate high school eligible for college.

Entrepreneurs 3 (E3) - Junior Year - Preparing for college. Juniors meet after school and are trained on advanced topics relating to college selection. Students continue to operate their businesses, but now focus more on developing college readiness skills so they will be prepared to attend the college of their choice. In preparation for college, students are trained on essay writing, interviewing, financial aid, and standardized testing. To assist students in the college selection process, BUILD staff members accompany students on college tours in various parts of the country.

Entrepreneurs 4 (E4) - Senior Year - Selecting and applying to college. Seniors work with BUILD mentors and staff to identify their schools, write and prepare college admissions essays and applications, and package their BUILD experience into a portfolio. Students continue to hone their interviewing and presentation skills, in preparation for communicating with college admissions officers. When possible, BUILD assists in arranging interviews with local BUILD alumni. BUILD staff provides students' parents with information about scholarships and financial aid resources through workshops and meetings.

Record of Success - BUILD's greatest success is the academic and social advancement its current 1,450+ students are making every day. In year-end surveys, our teachers report that they see significant improvement in their freshmen students' self-initiative, time management, self-discipline, and resiliency. These character developments lead to high academic achievement. For our latest senior class (Class of 2015), 92% of BUILD's seniors successfully graduated from the BUILD program, 95% were admitted to a postsecondary institution, and 76% of those admitted were granted admission to a four-year institution.

BUILD graduates have been awarded such honors as the national Foundation for Teaching Entrepreneurship (NFTE) national Youth Entrepreneur of the Year, Merrill Lynch Growing Up CEO and the Gates Millennium Scholarship. The Organization's students have been admitted to over 90 colleges and universities, including New York, Brown, Stanford, Louisiana State and Hampton Universities, as well as University of California at Berkeley, Davis, Los Angeles, and Merced. BUILD has been featured in the media, including CNN, PBS, NPR, San Francisco Chronicle, San Jose Mercury News, Bay Area Business Woman News, and Palo Alto Weekly News. BUILD's CEO was recently awarded the 2012 Manhattan Institute Award for Social Entrepreneurship, the Ashoka Fellowship and was honored with KQED and Wells Fargo's 2011 Women's History Month Local Heroes Award.

BUILD's success will continue to grow as the Organization continues to serve more students as well as deepen its impact in 2016.

4. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of BUILD have been prepared on the accrual basis of accounting.

Basis of presentation

In accordance with accounting principles generally accepted in the United States of America, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, plus any net assets designated by the Board for specific purposes.

- Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year-end of the current reporting period.

- Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments.

Comparative financial information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

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 at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Accounts and grants receivable

The Organization considers all accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

4. Summary of Significant Accounting Policies (continued)

Promises to give

Unconditional promises to give are recognized as contribution support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fair value measurements

Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $1,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment. Depreciation expense for the years ended June 30, 2015 and 2014 totaled $98,318 and $93,798, respectively.

4. Summary of Significant Accounting Policies (continued)

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2015 and 2014. The accrued vacation balance as of June 30, 2015 and 2014 was $242,221 and $222,133, respectively.

Revenue recognition

The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Contributions in-kind

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 9.

Allocation of functional expenses

Directly identifiable expenses are charged to programs and supporting services. Management's estimate of indirect salary expense allocation for senior management team members (whose job description is over programs and operations) is based on annual time studies. Management's estimate of indirect salary expense allocation for other employees is based on individual employee estimated time spent based on their job descriptions, their goals for the year and prior year allocation. Management's estimate of other indirect costs are based on salary expense or square footage.

Income taxes

Businesses United in Investing, Lending and Development is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under various state codes and statues of California, Massachusetts, Maryland, Virginia, New York, Pennsylvania and Washington D.C. Accordingly, no provision for income taxes has been made in the accompanying statements.

Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended June 30, 2015 and 2014 was $200 and $147, respectively.

4. Summary of Significant Accounting Policies (continued)

Uncertainty in taxes

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the years ended June 30, 2012 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns for the tax years ended June 30, 2011 and beyond remain subject to possible examination by the Franchise Tax Board.

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2015 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2015. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 20, 2015.

5. Grants Receivable and Promises to Give

Grants receivable and promises to give consist of unconditional promises to give by various donors. The Organization's management has estimated that the following amounts will be collected within the 4-year period after June 30, 2015. The Organization records pledges expected to be collected in more than one year at the present value of the assets to be received in the future. The discount rate used as of June 30, 2015 and 2014 ranged from 1.8% to 3.4%.

Grants receivable and promises to give as of June 30, consisted of the following:

	2015	2014
Total grants receivable and promises to give	$ 1,352,111	$ 1,416,933
Discounts to net present value	(29,801)	(34,133)
Net grants receivable and promises to give	1,322,310	1,382,800
Current portion of grants receivable and promises to give	(876,807)	(827,176)
Noncurrent portion of grants receivable and promises to give	$ 445,503	$ 555,624

6. Line of Credit

The Organization has a $1,100,000 line of credit with Wells Fargo Bank. The line of credit is secured by the Organization's personal and real property and bears interest at the prime rate plus 2.00% (3.25% at June 30, 2015) or the Floor Rate of 5.00% per annum. The amount available under the line of credit at June 30, 2015 was $1,100,000. As of June 30, 2015, BUILD had $0 outstanding on the line of credit.

7. Temporarily Restricted Net Assets

The Organization's temporarily restricted net assets as of June 30, consisted of the following:

	2015	2014
Purpose restrictions		
New York	$ 210,456	$ -
Peninsula programs	104,516	-
National office	75,000	81,791
Boston	52,372	423,768
Incubator team accounts	52,257	42,806
National program - Athena	45,103	263,059
Fundraising	20,000	-
Student college tours	200	200
Washington D.C. programs	-	288,006
Bay Area sites	-	13,616
Time restrictions		
General support for future period	952,429	669,599
Total temporarily restricted net assets	$ 1,512,333	$ 1,782,845

8. Net Assets Released from Restrictions

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or the occurrence of other events specified by donors during the year ended June 30, as follows:

	2015
Purpose restrictions	
National program - Athena	$ 1,023,712
Boston	910,327
Peninsula programs	671,156
Washington D.C. programs	654,949
General operations	476,411
Bay Area sites	458,466
Oakland programs	269,477
Capital Campaign - gen ops	248,317
Student Launch Camps	105,224
East Oakland	79,558
New York	59,543
Fundraising	15,000
Time restrictions	
General support for future period	25,000
Total net assets released from restrictions	$ 4,997,140

9. Contributions In-Kind

The estimated fair value of donated supplies, equipment, expert services and facilities are recorded as contributions. During fiscal years ended June 30, 2015 and 2014, the following in-kind contributions were received by the Organization:

	2015	2014
Professional services	$ 87,817	$ 81,253
Computer equipment	104,646	20,748
Facilities	500	-
Supplies and minor equipment	59,560	13,656
In-kind contributions for operations	252,523	115,657
Special event supplies and auction items	153,822	65,212
Total contributions in-kind	$ 406,345	$ 180,869

During the years ended June 30, 2015 and 2014, the Organization also received donated services from volunteers that do not require specific expertise but which are nonetheless central to the Organization's operations. During the years ended June 30, 2015 and 2014, mentors dedicated approximately 15,291 and 16,785 hours to tutoring services. The estimated value of tutoring services based on the nature of the service and the amount of time donated is estimated to be approximately $438,161 and $475,424, respectively.

10. Board Designated Endowment

As of June 30, 2015, the Board of Directors had designated $226,126 of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Organization's policy is to build the endowment. Currently endowment funds are only used for William Lazier Scholarship payments. Annually, additional funds are deposited into the endowment account to offset these scholarship payments to ensure the Organization protects and grows the principal investment. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide modest returns on investment with the goal of capital preservation.

To achieve that objective, the Organization has adopted an investment policy that is focused on capital preservation, which protects the principal investment and grows it at a modest rate with little to no risk of loss. Endowment assets are invested in a money market account. The Organization's Finance Committee will review the investment strategy and make a recommendation to the Board of Directors. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 1% to 3% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Changes in endowment net assets for the year ended June 30, 2015 consisted of the following:

Board designated endowment net assets, beginning of year	$ 223,253
Contributions	5,000
Investment income	23
Investment fees	(150)
Amount appropriated for expenditure	(2,000)
Board designated endowment net assets, end of year	$ 226,126

11. Operating Lease Commitments

The Organization conducts its operations from facilities leased under various non-cancelable operating and month-to-month leases. Rent expense for these facilities for the years ended June 30, 2015 and 2014 was $547,986 and $512,924, respectively.

Future minimum lease payments under operating leases are as follows:

Year ending June 30,	Amount
2016	$ 466,549
2017	366,605
2018	55,461
Total future minimum lease payments	$ 888,615

12. Retirement Plan

Beginning July 1, 2014, the Organization launched a tax deferred 403(b) retirement plan (the "Plan") to provide retirement benefits for all eligible employees. The plan provides for Organization contributions of 2% of eligible employee compensation. Vesting is based on years of services, with 100% vesting of employer matching contributions upon eligibility. The Organization's contributions for the year ended June 30, 2015 was $42,826. All of the Plan's administration costs were paid for by the Plan.