



CODE FOR AMERICA LABS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Code for America Labs, Inc.
San Francisco, California

We have audited the accompanying financial statements of Code for America Labs, Inc., which comprise the statement of financial position as of December 31, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 Code for America Labs, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Prior Period Financial Statements

The financial statements of Code for America Labs, Inc. as of December 31, 2014, were audited by other auditors whose report dated November 2, 2015, expressed an unmodified opinion on those statements.

Abbott, Shireff & Lynch

June 30, 2016

CODE FOR AMERICA LABS, INC.

STATEMENTS OF FINANCIAL POSITION

Assets

	December 31,	
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 4,587,887	\$ 6,154,863
Donations and program fees receivable	1,030,098	626,364
Other receivables	2,881	7,993
Prepaid expenses	63,886	78,710
Property and equipment, net of accumulated depreciation and amortization	206,077	254,214
Other assets	103,711	103,711
Security deposits	58,100	57,825
	<u>\$ 6,052,640</u>	<u>\$ 7,283,680</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable	\$ 220,106	\$ 266,850
Accrued liabilities	170,298	21,450
Deferred rent obligation	26,485	-
Deferred revenue	75,000	5,000
	<u>491,889</u>	<u>293,300</u>
Total liabilities		
Net assets:		
Unrestricted	4,352,825	5,764,380
Temporarily restricted	1,207,926	1,226,000
	<u>5,560,751</u>	<u>6,990,380</u>
Total net assets		
	<u>\$ 6,052,640</u>	<u>\$ 7,283,680</u>

CODE FOR AMERICA LABS, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2015 and 2014

	Years Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Donations:						
Individuals and foundations	\$ 1,829,534	\$ -	\$ 1,829,534	\$ 628,561	\$ -	\$ 628,561
Business	547,779	-	547,779	1,776,260	-	1,776,260
Marketable securities	149,463	-	149,463	254,065	-	254,065
Foundation grants	4,135,057	992,926	5,127,983	4,311,019	1,825,000	6,136,019
Program service fees	2,043,969	-	2,043,969	2,122,720	-	2,122,720
Donated services	415,489	-	415,489	276,220	-	276,220
Event sponsorship and admission fees	680,337	-	680,337	534,282	-	534,282
Speaker fees	58,717	-	58,717	32,400	-	32,400
Other income	4,247	-	4,247	8,096	-	8,096
Net assets released from restrictions	1,011,000	(1,011,000)	-	599,000	(599,000)	-
Total public support and revenue	10,875,592	(18,074)	10,857,518	10,542,623	1,226,000	11,768,623
Expenses:						
Program services:						
Code for America Network	4,108,574	-	4,108,574	2,825,520	-	2,825,520
Fellowships	3,800,116	-	3,800,116	4,083,157	-	4,083,157
Summit	1,422,610	-	1,422,610	739,712	-	739,712
Economic Development, Health, Safety & Justice	1,292,139	-	1,292,139	-	-	-
Other	121,083	-	121,083	-	-	-
Peer Network	-	-	-	1,007,382	-	1,007,382
Total program services	10,744,522	-	10,744,522	8,655,771	-	8,655,771
Supporting services:						
Management and general	861,666	-	861,666	717,311	-	717,311
Fundraising	680,959	-	680,959	520,992	-	520,992
Total supporting services	1,542,625	-	1,542,625	1,238,303	-	1,238,303
Total expenses	12,287,147	-	12,287,147	9,894,074	-	9,894,074
Change in net assets	(1,411,555)	(18,074)	(1,429,629)	648,549	1,226,000	1,874,549
Net assets, beginning of year	5,764,380	1,226,000	6,990,380	5,115,831	-	5,115,831
Net assets, end of period	\$ 4,352,825	\$ 1,207,926	\$ 5,560,751	\$ 5,764,380	\$ 1,226,000	\$ 6,990,380

See accompanying independent auditor's report and notes to financial statements.

CODE FOR AMERICA LABS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

	Program Services					Supporting Services				Total
	Code for America Network	Fellowships	Summit	Economic Development, Health, Safety & Justice	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 1,851,682	\$ 2,051,079	\$ 68,445	\$ 670,011	\$ 89,302	\$ 4,730,519	\$ 1,393,120	\$ 564,919	\$ 1,958,039	6,688,558
Grants	27,100	-	-	-	-	27,100	11,500	-	11,500	38,600
Professional services	542,123	89,059	164,428	166,172	29,755	991,537	643,611	19,693	663,304	1,654,841
Travel and events	462,176	415,344	1,013,693	54,041	2,176	1,947,430	112,651	55,797	168,448	2,115,878
Marketing and advertising	17,049	28,856	20,437	5,754	-	72,096	12,293	-	12,293	84,389
Office and facilities	183,425	140,020	23,848	15,749	(150)	362,892	1,096,327	28,083	1,124,410	1,487,302
Other expenses	12,426	63,165	5,185	690	-	81,466	123,646	12,467	136,113	217,579
G&A expense allocation	1,012,593	1,012,593	126,574	379,722	-	2,531,482	(2,531,482)	-	(2,531,482)	-
Total expenses	\$ 4,108,574	\$ 3,800,116	\$ 1,422,610	\$ 1,292,139	\$ 121,083	\$ 10,744,522	\$ 861,666	\$ 680,959	\$ 1,542,625	\$ 12,287,147

See accompanying independent auditor's report and notes to financial statements.

CODE FOR AMERICA LABS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2014

	Program Services				Supporting Services			Total	
	Code for America Network	Fellowships	Summit	Peer Network	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and related expenses	\$ 616,631	\$ 2,347,646	\$ -	\$ 456,765	\$ 3,421,042	\$ 1,875,543	\$ 333,612	\$ 2,209,155	\$ 5,630,197
Grants	312,500	-	-	-	312,500	-	-	-	312,500
Professional services	523,971	72,139	52,179	188,815	837,104	277,161	100,236	377,397	1,214,501
Travel and events	440,435	371,195	535,137	28,059	1,374,826	145,558	71,328	216,886	1,591,712
Marketing and advertising	39,752	23,460	128,453	244	191,909	16,206	9,151	25,357	217,266
Office and facilities	232,846	67,715	21,145	4,577	326,283	446,303	5,886	452,189	778,472
Other expenses	13,954	17,291	2,798	6,132	40,175	108,472	779	109,251	149,426
G&A expense allocation	645,431	1,183,711	-	322,790	2,151,932	(2,151,932)	-	(2,151,932)	-
Total expenses	\$ 2,825,520	\$ 4,083,157	\$ 739,712	\$ 1,007,382	\$ 8,655,771	\$ 717,311	\$ 520,992	\$ 1,238,303	\$ 9,894,074

See accompanying independent auditor's report and notes to financial statements.

CODE FOR AMERICA LABS, INC.

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

	Year Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Changes in net assets	\$ (1,429,629)	\$ 1,874,549
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	87,298	80,298
Realized loss on marketable securities	-	2,455
Changes in operating assets and liabilities:		
Donations and program fees receivable	(403,734)	100,274
Other receivables	5,112	(7,993)
Prepaid expenses	14,824	(43,201)
Security deposits	(275)	-
Accounts payable	(46,744)	145,292
Accrued liabilities	148,848	21,450
Deferred rent obligation	26,485	(44,716)
Deferred revenue	70,000	(20,000)
Net cash (used in) provided by operating activities	(1,527,815)	2,108,408
Cash flows from investing activities:		
Purchases of marketable securities	-	(6,166)
Acquisition of other assets	-	(100,000)
Purchases of property and equipment	(39,161)	(87,979)
Net cash used in investing activities	(39,161)	(194,145)
Change in cash and cash equivalents	(1,566,976)	1,914,263
Cash and cash equivalents, beginning of year	6,154,863	4,240,600
Cash and cash equivalents, end of year	\$ 4,587,887	\$ 6,154,863

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1 - Nature of operations

Code for America Labs, Inc. (the "Organization") is a national nonprofit organization that believes government can work for the people, by the people in the 21st century. The Organization builds open source technology and organizes a network of people dedicated to making government services simple, effective, and easy to use.

Our Programs

Fellowships

The Code for America Fellowship recruits technology industry professionals to do a year of service helping local governments. Fellows spend 11 months collaborating with government staff, researching user needs, educating city staff in agile methodologies, and building technology that improves government services for the public.

In 2015, the Organization recruited 24 fellows assigned in teams of three to be partnered with eight local governments.

- In Albuquerque, NM, fellows worked to increase economic opportunity for residents.
- In Indianapolis, IN and Vallejo, CA fellows worked to improve relationships between police and the public.
- In Miami-Dade County, FL fellows focused on improving the way residents interacted with building and permitting.
- In Pittsburgh, PA, fellows built tools to improve the procurement process.
- In Richmond, VA, fellows made eligibility screening for critical health services easier.
- In West Sacramento, CA the fellows worked to make it easier to start new urban farms, and enable local farmers to connect with their surrounding communities.
- In Somerville, MA fellows worked with school administrators to use data to improve student outcomes.

Focus Areas

In 2015, the Organization focused its fellowship projects and initiated additional non-fellowship projects in three areas: Economic Development, Health, and Safety & Justice. The Organization hired subject matter experts in each of these areas so that the projects could be better informed, more valuable to users, and more sustainable. The Organization grew its network of advisors in these fields, and developed resources such as appropriate technical and legal infrastructure to work with sensitive data. Additionally, the Organization was able to develop and test pathways for sustaining products out of the fellowship.

The Code for America Network

The Organization's Network team works to grow and support an active network of volunteers, companies, and government leaders who are collaborating to make government work in the 21st century.

In 2015, the volunteer Brigade program grew from 93 chapters and 15,000 members to 133 chapters and over 40,000 members. The Brigade program also expanded the international Code for All network in 2015. There are now ten countries with their own versions of Code for America, and are engaged in sharing knowledge across programs. The Organization invested in tools to help the network grow, track attendees at meetups, and connect volunteers to civic projects that need their help.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1 - Nature of operations (continued)

The 2015 Code for America Technology Awards recognized members of the govtech ecosystem (companies, non-profits and individuals) whose work helps governments deliver better outcomes and adopt the practices of 21st century government.

In addition, the Organization worked on developing a set of principles, practices and tools that help governments be more effective in the 21st century. As part of this work, the Organization partnered with Boulder, CO to develop the Citizen Engagement Standard, which includes tools and practices for governments to engage the public with more equal representation. The Organization also expanded its partnership with Oakland, CA through the Digital Front Door initiative, providing local governments with practices and tools to help them improve the online experience for both citizens and city employees.

Summit

The Organization holds an annual conference to share the progress of the movement for 21st century government and educate and connect stakeholders in the tools and practices mentioned above. The 2015 event was the largest conference yet, attracting 1,200 attendees, including 500 public officials representing over 150 unique governments. More than 200 speakers over three days represented leadership at the forefront of government and technology.

Operational Teams

The Organization's operational teams developed the institutional support needed to deliver on the work identified above.

Management and General

Management and general provided the functions necessary to support the programs, ensure an adequate working environment, provide coordination of Code for America program strategy, secure proper administrative functioning of the management and Board of Directors, market the Organization, and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provided the structure necessary to encourage and secure financial support from individuals, foundations, institutions, and businesses.

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

Financial statement presentation

The accompanying financial statements include statements of financial position that present the amounts for each of the three classes of net assets: unrestricted, temporarily restricted and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions and a statement of activities that reflects the changes in those categories of net assets.

Unrestricted net assets - are neither permanently restricted nor temporarily restricted by donor imposed stipulations.

Temporarily restricted net assets - result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of the Organization pursuant to those stipulations. When a donor stipulated time restriction ends or a donor-imposed restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - result from contributions subject to donor-imposed restrictions that specify assets donated be invested to provide a permanent source of income. If the donor does not restrict the allowed use of the income, the Organization may determine the income's availability to the Organization's operations. The Organization had no permanently restricted net assets as of December 31, 2015 and 2014.

Cash and cash equivalents

Cash and cash equivalents consist of balances on hand and on deposit in banks and other financial institutions, and short-term investments. Cash on deposit in banks may be in excess of Federal Deposit Insurance Corporation insurance limits. The Organization seeks to control the risk of loss by maintaining deposits with only high quality financial institutions. The Organization considers all highly liquid investments with original maturities of three months or less on the date of purchase to be cash equivalents.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management 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. Significant estimates used in preparing these financial statements include: the allowance for doubtful accounts; valuation of other assets; useful lives of property and equipment; the value of donated materials, property and equipment, and professional services; uncertain tax positions; and the allocation of functional expenses. Actual results could differ from those estimates.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

Donations and program fees receivable

Donations and program fees receivable are stated at the amount management expects to collect from outstanding balances after reserves for discounts, bad debts, and allowances, taking into account past experience, contracts, history and other organizations' ability to meet their obligations. Management provides for probable uncollectible amounts through a charge to expense and an increase to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of accounts receivable. Management has deemed all donations and program fees receivable collectible at December 31, 2015 and 2014.

Revenue and cost recognition

Donations are recognized when the donor makes a documented promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Donated marketable securities are liquidated upon receipt.

Foundation grants that are considered to be contributions are recognized when the grant agreements are signed. The revenue is reported as unrestricted support unless the grantor has restricted the use to a specific purpose or time period. Foundation grants with payment terms in excess of one year are subject to discounting.

Program service fees relate to exchange transactions and are recognized as unrestricted revenue as milestones per the agreements have been met by the Organization.

Donated services are recognized as revenue and a corresponding expense at their estimated value at date of receipt, in accordance with U.S. generally accepted accounting principles, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or in the case of long-term assets, over the period benefited. Additionally, the Organization receives a significant amount of contributed time from volunteers which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Corporate sponsorships, event sponsorships, speaking fees, and event admissions fees are recognized as revenue when the events or programs occur.

Periodically the Organization acts as a fiscal sponsor for outside projects and maintains discretion and control of all funds until the completion of the project. Donations for these sponsored projects are recognized when the donor makes a documented promise to give to the Organization to support the specified project.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

Fair value measurements

The Organization carries certain assets and liabilities at fair value. 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. The Organization classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial instruments included in the Organization's statements of financial position include cash and cash equivalents, donations and program fees receivable, other assets, and liabilities. The carrying amount of these instruments approximates their fair values.

Property, equipment, depreciation and amortization

Property, equipment, and leasehold improvements are stated at cost less accumulated depreciation and amortization. Donated property and equipment are recorded at their estimated fair value at the date of donation. The Organization capitalizes all fixed assets above \$3,000. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to seven years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. Gifts of property and equipment are reported as unrestricted support unless the donor stipulates specifically how the donated asset must be used.

Income taxes

The Organization is considered to be a public charity and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is exempt from state tax under State of California Revenue and Taxation Code Section 23701d. Only unrelated business income is subject to federal and state income tax. Since all the Organization's income is related to its exempt purpose, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the accounting standard related to uncertainties in income taxes. 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; therefore, no liability for unrecognized income tax benefits has been recorded as of December 31, 2015 and 2014. The Organization is subject to examination by major tax jurisdictions back to 2012.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 - Summary of significant accounting policies (continued)

Advertising

The Organization's policy is to expense advertising costs as they are incurred. Advertising expense for the years ended December 31, 2015 and 2014 totaled \$84,389 and \$217,266, respectively.

Allocation of functional expenses

Expenses which apply to more than one functional category have been allocated to program, management and general, and fundraising based on time spent on these functions by specific employees as estimated by senior management. The remaining costs are charged directly to the appropriate functional category.

Subsequent events

The Organization has evaluated subsequent events through June 30, 2016, which is the date the financial statements were available to be issued.

Note 3 - Other assets

The Organization executed a Simple Agreement for Future Equity (the "Agreement") in which the Organization has rights to preferred shares in a closely held company in the amount of \$100,000. The Agreement is evaluated for impairment annually based upon the fair value of the rights as compared to the cost. Impairment is determined based on predominant risk characteristics, such as valuation of the closely held company and internal and external factors. No impairment losses were recorded in 2015 and 2014. At December 31, 2015 and 2014, the Agreement totaled \$100,000 and is included in *Other assets* on the accompanying statements of financial position.

In 2014, the Organization assigned its trademark rights to a closely held company and executed an Office Services Agreement with the company in exchange for 185,567 shares of common stock as of the date of execution. The Organization's shares represent approximately 2% of the company's issued and outstanding shares as of December 31, 2015. The Organization's shares are considered to be illiquid with no secondary market to facilitate a sale and are carried at cost. The shares at the date of acquisition were valued at \$0.02 per share, and the total investment of \$3,711 is included in *Other assets* on the accompanying statements of financial position.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 4 - Property and equipment

Property and equipment consisted of the following at December 31, 2015 and 2014:

	December 31,	
	2015	2014
Furniture	\$ 190,677	\$ 151,516
Equipment	177,058	244,943
Leasehold improvements	37,704	37,704
	405,439	434,163
Accumulated depreciation and amortization	(199,362)	(179,949)
	<u>\$ 206,077</u>	<u>\$ 254,214</u>

Depreciation and amortization expense totaled \$87,298 and \$80,298 for the years ended December 31, 2015 and 2014.

Note 5 - Concentrations

For the year ended December 31, 2015, the Organization received approximately 33% of its total public support and revenue from two foundation grants. For the year ended December 31, 2014, the Organization received approximately 54% of its total public support and revenue from three foundation grants. Additionally, the Organization received approximately 61% (2015) and 47% (2014) of its total events and sponsorship fees from two different organizations.

Note 6 - In-kind contributions

In-kind contributions consisted of the following services at December 31, 2015 and 2014:

	December 31,	
	2015	2014
Internet and web services	\$ 340,124	\$ 237,070
Legal	75,365	35,720
Marketing	-	3,430
	<u>\$ 415,489</u>	<u>\$ 276,220</u>

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 7 - Temporarily restricted net assets

At December 31, 2015 and 2014, the Organization's temporarily restricted net assets consisted of the following:

	December 31,	
	2015	2014
Code for America Fellowships	\$ 827,926	\$ 365,000
Fiscal sponsorship	380,000	-
Time restricted	-	861,000
	<u>\$ 1,207,926</u>	<u>\$ 1,226,000</u>

Note 8 - Operating leases

The Organization leases office space under a non-cancelable operating lease expiring December 31, 2018. The total rental expense for the years ended December 31, 2015 and 2014, under this facility lease was approximately \$642,000 and \$341,000, respectively.

The Organization subleased a portion of its building back to the building's owners on an as needed basis. Sublease income was \$82,941 and \$115,103 for December 31, 2015 and 2014, respectively. Sublease income is netted with lease expense on the accompany statements of activities.

Following is a schedule of future minimum facility lease payments as of December 31, 2015:

<u>Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 594,547
2017	612,387
2018	630,697
	<u>\$ 1,837,631</u>

Note 9 - Retirement plan

The Organization maintains a 401(k) retirement plan for eligible employees. The Plan provides for voluntary contributions by eligible participants in accordance with Section 401(k) of the Internal Revenue Code, as well as discretionary matching contributions by the Organization. The Organization contributed approximately \$89,000 and \$80,000 to the Plan for the years ended December 31, 2015 and 2014, respectively.

Note 10 - Reclassifications

Certain reclassifications have been made to the December 31, 2014 financial statements to conform to the December 31, 2015 presentation. Such reclassifications have no effect on net assets or changes in net assets.