

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
BEACON HILL VILLAGE, INC.
JUNE 30, 2015 AND 2014**

BEACON HILL VILLAGE, INC.

JUNE 30, 2015 AND 2014

CONTENTS

	<u>Page</u>
Independent auditor's report	1
Financial statements:	
Statements of financial position	2
Statements of activities	3 - 4
Statements of functional expenses	5 - 6
Statements of cash flows	7
Notes to financial statements	8 - 18

Independent Auditor's Report

To the Board of Directors
Beacon Hill Village, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Beacon Hill Village, Inc. (a not-for-profit corporation) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 Beacon Hill Village, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Cohen + Associates, LLC

Certified Public Accountants
November 4, 2015

BEACON HILL VILLAGE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents	\$ 179,079	\$ 244,924
Investments	99,500	0
Accounts receivable	1,969	1,173
Other assets	2,582	2,569
	283,130	248,666
Property and equipment:		
Furniture and equipment	14,945	14,945
Accumulated depreciation	(14,945)	(14,945)
	0	0
Other assets:		
Endowment investments	478,995	353,703
Endowment pledge receivable	0	104,108
Deposits	2,000	2,000
	480,995	459,811
TOTAL ASSETS	\$ 764,125	\$ 708,477

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 13,652	\$ 10,631
Accrued expenses	27,640	18,210
Deferred revenue	14,881	17,043
	56,173	45,884
Net assets:		
Unrestricted	367,318	333,007
Temporarily restricted	340,634	329,586
	707,952	662,593
TOTAL LIABILITIES AND NET ASSETS	\$ 764,125	\$ 708,477

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

BEACON HILL VILLAGE, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 158,431	\$ 53,420	\$ 211,851
Membership dues	155,487	0	155,487
Program revenue	48,147	0	48,147
Special events, net	40,254	0	40,254
Investment and other income	9,655	12,047	21,702
Net assets released from satisfaction of program restrictions	<u>54,419</u>	<u>(54,419)</u>	<u>0</u>
	<u>466,393</u>	<u>11,048</u>	<u>477,441</u>
Expenses:			
Program services	367,268	0	367,268
Administration	49,022	0	49,022
Fundraising	<u>15,792</u>	<u>0</u>	<u>15,792</u>
	<u>432,082</u>	<u>0</u>	<u>432,082</u>
Change in net assets	34,311	11,048	45,359
Net assets, beginning of year	<u>333,007</u>	<u>329,586</u>	<u>662,593</u>
Net assets, end of year	<u>\$ 367,318</u>	<u>\$ 340,634</u>	<u>\$ 707,952</u>

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

BEACON HILL VILLAGE, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 334,828	\$ 66,755	\$ 401,583
Membership dues	165,312	0	165,312
Program revenue	54,555	0	54,555
Special events, net	22,568	0	22,568
Investment and other income	4,168	45,050	49,218
Net assets released from satisfaction of program restrictions	52,908	(52,908)	0
	<u>634,339</u>	<u>58,897</u>	<u>693,236</u>
Expenses:			
Program services	340,731	0	340,731
Administration	47,486	0	47,486
Fundraising	15,332	0	15,332
	<u>403,549</u>	<u>0</u>	<u>403,549</u>
Change in net assets	230,790	58,897	289,687
Net assets, beginning of year	<u>102,217</u>	<u>270,689</u>	<u>372,906</u>
Net assets, end of year	<u>\$ 333,007</u>	<u>\$ 329,586</u>	<u>\$ 662,593</u>

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

BEACON HILL VILLAGE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel:				
Salaries and wages	\$ 199,879	\$ 28,301	\$ 5,829	\$ 234,009
Payroll taxes and benefits	19,153	2,637	762	22,552
	<u>219,032</u>	<u>30,938</u>	<u>6,591</u>	<u>256,561</u>
Occupancy	<u>22,688</u>	<u>2,549</u>	<u>255</u>	<u>25,492</u>
Operational:				
Board and staff development	1,600	180	18	1,798
Credit card fees	3,366	0	0	3,366
Direct member services	73,167	0	0	73,167
Insurance	1,710	192	2,065	3,967
Miscellaneous	8,122	1,414	82	9,618
Outreach and marketing	24,376	0	0	24,376
Postage and shipping	3,764	423	42	4,229
Professional fees	1,324	12,414	1,540	15,278
Supplies	5,795	651	5,173	11,619
Telephone	2,324	261	26	2,611
	<u>125,548</u>	<u>15,535</u>	<u>8,946</u>	<u>150,029</u>
Total expenses	<u>\$ 367,268</u>	<u>\$ 49,022</u>	<u>\$ 15,792</u>	<u>\$ 432,082</u>

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

BEACON HILL VILLAGE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel:				
Salaries and wages	\$ 185,767	\$ 26,442	\$ 7,104	\$ 219,313
Payroll taxes and benefits	<u>18,021</u>	<u>2,495</u>	<u>837</u>	<u>21,353</u>
	<u>203,788</u>	<u>28,937</u>	<u>7,941</u>	<u>240,666</u>
Occupancy	<u>23,278</u>	<u>3,248</u>	<u>541</u>	<u>27,067</u>
Operational:				
Board and staff development	1,469	205	34	1,708
Credit card fees	3,601	0	0	3,601
Direct member services	70,330	0	0	70,330
Insurance	1,652	231	850	2,733
Miscellaneous	8,174	1,400	188	9,762
Outreach and marketing	12,604	0	0	12,604
Postage and shipping	4,194	585	98	4,877
Professional fees	1,203	11,423	868	13,494
Supplies	7,803	1,089	4,751	13,643
Telephone	<u>2,635</u>	<u>368</u>	<u>61</u>	<u>3,064</u>
	<u>113,665</u>	<u>15,301</u>	<u>6,850</u>	<u>135,816</u>
Total expenses	<u>\$ 340,731</u>	<u>\$ 47,486</u>	<u>\$ 15,332</u>	<u>\$ 403,549</u>

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

BEACON HILL VILLAGE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating activities:		
Change in net assets:	\$ 45,359	\$ 289,687
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Endowment income	(20,684)	(252,110)
Changes in assets and liabilities:		
Accounts receivable	(796)	(385)
Pledges receivable	104,108	13,400
Other assets	(13)	(744)
Accounts payable	3,021	1,401
Accrued expenses	9,430	0
Deferred revenue	<u>(2,162)</u>	<u>8,730</u>
Net cash and cash equivalents provided by operating activities	<u>138,263</u>	<u>59,979</u>
Investing activity:		
Purchase of investments, net	<u>(204,108)</u>	<u>0</u>
Net cash used in investing activity	<u>(204,108)</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	(65,845)	59,979
Cash and cash equivalents, beginning of year	<u>244,924</u>	<u>184,945</u>
Cash and cash equivalents, end of year	<u>\$ 179,079</u>	<u>\$ 244,924</u>

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

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of activities:

Beacon Hill Village, Inc. (the Organization) is a private, nonprofit corporation founded by residents of Beacon Hill in Boston, Massachusetts, for elders who live in central Boston neighborhoods to assist them in living their lives to the fullest in their own homes as they grow older. The Organization provides its members access to social and cultural activities, exercise opportunities, household services and adaptive renovations. While the Organization's primary focus is on wellness, partnerships with providers such as Massachusetts General Hospital, Houseworks and other health and home care providers ensure that members have preferred access to home-based assisted living services and medical care. The Organization receives its revenue through dues, program fees, charitable gifts from individuals and foundations and sales of "The Founder's Manual: A How-To Guide for Communities to Develop a Village".

2. Summary of significant accounting policies:

Financial statement presentation:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Organization considers all short-term debt securities purchased with a maturity of three months or less, when purchased, to be cash equivalents.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. The company has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on such accounts.

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Property and equipment:

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

The useful lives of property and equipment for purposes of computing depreciation are:

Equipment	3 years
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Depreciation expense totaled \$0 in 2015 and 2014.

Investments:

Investments are carried at fair value determined primarily by quoted market prices in the Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets in the Statements of Activities.

Net, investment income (losses) on invested endowment assets are recorded as temporarily restricted revenue unless permanently restricted by the donor. The Organization currently has no funds with income permanently restricted by the donor.

Fair value:

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2, Level 3).

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Fair value (continued):

Level 2 inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly, as of the reporting date, and the fair value is determined through the use of a pricing model with observable inputs or other valuation techniques which can be derived principally from or corroborated by observable market data. Level 2 also includes investments valued using the practical expedient with notice periods for redemption of 90 days or less.

Level 3 inputs are unobservable inputs for the asset or liability supported by little or no market activity whose value is determined using pricing models, discounted cash flows methodologies or similar techniques. The determination of fair value requires significant management judgment or estimation.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value.

Level 1 Measurements:

Money market funds are valued at the closing price reported by the fund sponsor from an actively traded exchange.

Exchange traded products are valued based on quoted prices from the exchange, are actively traded and have not applied any valuation adjustments.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value nor reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

During the years ended June 30, 2015 and 2014 there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its statement of financial position or results of operation.

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Fair value (continued):

The Organization has adopted socially responsible investment and spending policies, approved by the Board, for investment assets that attempt to provide a predictable stream of funding from its investments, including endowment investments, while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters.

Investment income (losses) which consist of interests, dividends, realized gains (losses) and unrealized gains (losses) are reported net of related investment expenses in the statement of activities. Net investment income (losses) from invested assets assigned to unrestricted and temporarily restricted net assets are reported as unrestricted revenue. Net, investment income (losses) on invested assets assigned to endowment and permanently restricted net assets are recorded as temporarily restricted revenue unless permanently restricted by the donor. The Organization currently has no funds with income permanently restricted by the donor.

Net investment income (losses) which occur while the carrying values of endowment and permanently restricted net assets have a deficiency are reported as unrestricted revenue.

Classification of net assets:

The carrying value of financial instruments for which the Organization did not elect the fair value option including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short term maturity of these items.

The Organization's net assets and changes in net assets are required to be reported into three classes; unrestricted, temporarily restricted and permanently restricted; according to externally (donor) imposed restrictions as follows:

Unrestricted Net Assets - Assets and contributions that are not subject to donor-imposed restrictions or for which restrictions have expired.

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Classification of net assets (continued):

Temporarily Restricted Net Assets - carry specific, donor-imposed restrictions on the expenditures or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because certain actions are taken which fulfill the restrictions. 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.

Permanently Restricted Net Assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be retained permanently to use or expend part or all of the economic benefits derived from the donated assets. The Organization currently has no net assets reportable as permanently restricted net assets.

Endowment funds:

As of June 30, 2015 the Organization's endowment consists of three funds: two donor-restricted endowment funds and one board-designated fund acting as an endowment. During 2014 the Organization received a bequest valued at \$204,108 which the Board of Directors designated as a fund acting as an endowment to support the mission of the Organization. Since this is an internal designation and is not donor-restricted, the fund acting as an endowment is classified and reported as unrestricted net assets. Although the fund acting as an endowment is not subject to donor restrictions, the decision to spend its principal requires an absolute majority vote of the Board of Directors.

It is the Board's current policy that up to five percent (5%) of the net assets of the endowment funds, calculated on a rolling three-year average, may be appropriated for expenditures annually. The Board may increase, reduce or suspend this appropriation. One of the endowment funds restricts the annual appropriations to be used for the Organization's "membership plus" program. Endowment fund balances are reported as permanently restricted, temporarily restricted or unrestricted in accordance with donor specifications, board designations and applicable law.

The Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanently restricted endowment (b) the original value of subsequent gifts donated to the permanently restricted endowment and (c) accumulations to the permanently restricted endowment made in accordance with the direction of the applicable donor gift instrument. The Organization has no permanently restricted net assets as of June 30, 2015. The remaining portion of the endowment funds, including the corpus and the cumulative net income (loss), is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board, or its designated committee, in a manner consistent with the prudence prescribed in Massachusetts Prudent Management of Institutional Funds Act (MPMIFA).

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Endowment funds (continued):

In accordance with MPMIFA the Organization considers the following factors in making a determination to appropriate or accumulate net investment income on donor-restricted endowment funds: (1) the preservation of the funds, (2) the purpose and long and short-term needs of the Organization and the donor-restricted endowment funds including present and anticipated financial requirements (3) general economic conditions, (4) possible effects of inflation and deflation (5) expected total returns on its investments, (6) other resources of the Organization, (7) applicable state laws and (8) the investment policies of the Organization.

Annually, the Board determines the amount of the endowment fund that should be appropriated in accordance with the Organization's policies and procedures. The Board may temporarily increase, reduce or suspend this appropriation during the year. The funds are transferred to non-restricted accounts when appropriated. \$0 were appropriated for the years ended June 30, 2015 and 2014.

Recognition of donor restrictions:

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Contributions and pledges intended for use in future periods are recorded as temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions, gifts and grants:

The Organization records contributions, gifts and grants as receivables and revenue. The organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Pledges are recorded as contribution revenue when the pledge is verified or received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value, and as of the date the gift is received. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

During 2015 and 2014, a significant amount of contributions were provided by a few contributors and a significant amount of program revenue was received from a few customers. It is always considered reasonably possible that contributors or customers might be lost in the near term.

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

2. Summary of significant accounting policies (continued):

Membership fees:

Revenue from membership fees are recognized at the beginning of the members' membership period. There is no obligation for the Organization to return such fees if members discontinued their membership prior to the end of the term. Account receivable consists primarily of membership fees receivable from members. Management believes all membership fees are collectable. Deferred revenue consists of payments received prior to the start of the membership period.

Income taxes:

The Organization is a tax-exempt entity, qualifying under section 501(c)(3) of the Internal Revenue Code. The tax exempt status qualifies for both Federal and State taxing authorities, therefore, there is no provision for income taxes. The Organization has not taken any tax positions which would be classified as uncertain. The Organization files returns of organizations exempt from income tax with US and Massachusetts jurisdictions. The years 2011 through 2014 are open years for these jurisdictions.

Advertising:

The company expenses advertising costs as incurred.

Functional expenses:

The cost of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefitted.

3. Pledges receivable:

At June 30, pledges receivable and endowment pledge receivable consisted of the following:

	2015	2014
Unconditional pledges	\$ 0	\$ 104,108
Discount to net present value	0	0
	\$ 0	\$ 104,108

There were no pledges receivable at June 30, 2015. The pledge receivable at June 30, 2014 was received within one year during the year ended June 30, 2015.

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

4. Investments:

Investments of the Organization are stated at fair value (See Note 2).

At June 30, investments consisted of the following:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
June 30, 2015:		
Investments:		
Money market funds	\$ 17,817	\$ 17,817
Exchange-traded products	81,683	81,683
Total	<u>\$ 99,500</u>	<u>\$ 99,500</u>
Endowment Investments:		
Money market funds	\$ 85,773	\$ 85,773
Exchange-traded products	393,322	393,322
Total	<u>\$ 478,995</u>	<u>\$ 478,995</u>
June 30, 2014:		
Endowment Investments:		
Cash and cash equivalents	\$ 100,867	\$ 100,867
Exchange-traded products	252,836	252,836
Total	<u>\$ 353,703</u>	<u>\$ 353,703</u>

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

5. Endowment funds:

The Organization's endowment consists of three funds: two donor-restricted endowment funds and one board-designated fund acting as an endowment. Endowment fund balances are classified and reported as permanently restricted, temporarily restricted, or unrestricted, in accordance with donor specifications, board designation and state law. (See Note 2).

Endowment net assets composition:

As of June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds:	\$ 0	\$ 176,000	\$ 0	\$ 176,000
Accumulated Earnings	<u>0</u>	<u>87,298</u>	<u>0</u>	<u>87,298</u>
Donor-restricted endowment funds	0	263,298	0	263,298
Board designated endowment fund	<u>215,697</u>	<u>0</u>	<u>0</u>	<u>215,697</u>
Total endowments	<u>\$ 215,697</u>	<u>\$ 263,298</u>	<u>\$ 0</u>	<u>\$ 478,995</u>

As of June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds:	\$ 0	\$ 175,500	\$ 0	\$ 175,500
Accumulated Earnings	<u>0</u>	<u>75,251</u>	<u>0</u>	<u>75,251</u>
Donor-restricted endowment funds	0	250,751	0	250,751
Board designated endowment fund	<u>207,060</u>	<u>0</u>	<u>0</u>	<u>207,060</u>
Total endowments	<u>\$ 207,060</u>	<u>\$ 250,751</u>	<u>\$ 0</u>	<u>\$ 457,811</u>

Changes in Endowment net assets for the years ended June 30, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ 0	\$ 205,701	\$ 0	\$ 205,701
Investment income (loss)	2,952	45,050	0	48,002
Contributions	204,108	0	0	204,108
Appropriation of accumulated endowment income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Endowment net assets, June 30, 2014	<u>\$ 207,060</u>	<u>\$ 250,751</u>	<u>\$ 0</u>	<u>\$ 457,811</u>
Investment income (loss)	8,637	12,047	0	20,684
Contributions	0	500	0	500
Appropriation of accumulated endowment income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Endowment net assets, June 30, 2015	<u>\$ 215,697</u>	<u>\$ 263,298</u>	<u>\$ 0</u>	<u>\$ 478,995</u>

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

6. Restrictions on net assets:

Restricted net assets are available for the following purposes at June 30:

	<u>2015</u>	<u>2014</u>
Temporarily restricted net assets:		
Specific purpose of temporary restrictions:		
Scholarships	\$ 55,678	\$ 56,946
Scholarships for women	21,658	21,889
Endowment	<u>263,298</u>	<u>250,751</u>
Total temporarily restricted net assets	<u>\$ 340,634</u>	<u>\$ 329,586</u>

7. Investment income:

The following schedule summarizes the investment income in the statement of activities:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 6,043	\$ 4,358
Net realized gains	158	81
Net unrealized gains	<u>14,886</u>	<u>43,922</u>
Total investment income	21,087	48,361
Other income	<u>615</u>	<u>857</u>
Total investment and other income	<u>\$ 21,702</u>	<u>\$ 49,218</u>

8. Net assets released from restrictions:

Net assets released from donor restrictions by incurring expenses satisfying the restricted Purposes specified by donors are as follows:

Purpose of restriction accomplished:

	<u>2015</u>	<u>2014</u>
Scholarships	\$ 34,189	\$ 27,279
Scholarships for women	<u>20,230</u>	<u>25,629</u>
Total restrictions released	<u>\$ 54,419</u>	<u>\$ 52,908</u>

BEACON HILL VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015 AND 2014

9. Operating leases:

The Organization rents its premises in Boston, Massachusetts under an operating lease which ended on May 31, 2015 and is currently a tenant-at-will.

Rent expense totaled approximately \$25,000 and \$27,000 in 2015 and 2014, respectively.

10. Subsequent events:

The Organization has evaluated subsequent events through November 4, 2015, the date which the financial statements were ready to be issued.

11. Prior period adjustment:

The Organization received a notice regarding a lien for unpaid payroll taxes from 2009 through 2013. Due to an administrative error when setting up the account with the taxing authority, prior notices concerning these unpaid payroll taxes were not received by the Organization. Corrective actions have been taken to insure that the Organization receive all future notices. This error resulted in payroll tax expenses and related liabilities being understated from 2009 through 2013. Accordingly, the Organization restated its financial statements as of June 30, 2013. The correction has no effect on the 2014 and 2015 financial statements, however, the cumulative effect decreases unrestricted net assets by \$18,210.

	As previously reported		Restated
Unrestricted net assets, July 1, 2014	\$ 120,427	\$	102,217
Net assets, July 1, 2014	391,116		372,906
Unrestricted net assets, June 30, 2014	351,217		333,007
Net assets, June 30, 2014	680,803		662,593
Accrued expenses, June 30, 2014	0		18,210

The notice received also included potential interest charges of approximately \$8,000. The Organization is appealing to the taxing authority regarding those charges and expects the interest to be waived. Accordingly, The Organization has not recorded the interest expense nor liability as of June 30, 2015.