THE B.E.L.L. FOUNDATION, INC.

Financial Statements

June 30, 2017

Kevin P. Martin & Associates, P.C

THE B.E.L.L. FOUNDATION, INC.

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June 30, 2017

Kevin P. Martin & Associates, P.C.
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Independent Auditors' Report

To the Board of Directors of
B.E.L.L. Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of B.E.L.L. Foundation, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, cash flows and functional expenses 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, 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

We have previously audited the Organization's 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2016. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

November 15, 2017

Kevin P. Martin & Associates, P.C.
ASSURANCE | TAX | RISK MANAGEMENT | IT ADVISORY

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
B.E.L.L. Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of B.E.L.L. Foundation, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

AN INDEPENDENT MEMBER OF BKR INTERNATIONAL

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mimir P. Martini & Amato P.C.

November 15, 2017

B.E.L.L. FOUNDATION, INC.

Statement of Financial Position

As of June 30, 2017
With Comparative Totals as of June 30, 2016

	2017	2016
Current Assets		
Cash and cash equivalents	$ 7,054,533	$ 5,686,817
Accounts receivable, net	2,290,919	4,077,602
Short-term promises to give	5,113,837	1,609,998
Prepaid curriculum materials	719,348	620,696
Prepaid expenses	315,050	183,261
Total current assets	15,493,687	12,178,374
Fixed Assets		
Leasehold improvements	197,492	197,492
Computers and software	1,634,891	1,623,713
Furniture and equipment	857,933	855,079
Total fixed assets	2,690,316	2,676,284
Less: accumulated depreciation	(2,577,898)	(2,503,289)
Total net fixed assets	112,418	172,995
Other Assets		
Long-term promises to give (net of discount $25,458 and $25,458, respectively)	499,542	274,542
Deposits	43,670	42,117
Total other assets	543,212	316,659
Total Assets	$ 16,149,317	$ 12,668,028
Current Liabilities		
Accounts payable	$ 1,539,570	$ 1,495,346
Accrued salaries and related expenses	814,312	826,089
Deferred revenue	619,754	181,481
Total current liabilities	2,973,636	2,502,916
Net Assets		
Unrestricted	5,706,384	5,215,478
Temporarily restricted	7,469,297	4,949,634
Total net assets	13,175,681	10,165,112
Total Liabilities and Net Assets	$ 16,149,317	$ 12,668,028

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

B.E.L.L. FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2017
With Comparative Totals for the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
Revenue and Support				
Contributions and grants	$ 2,541,329	$ 7,548,025	$ 10,089,354	$ 8,011,254
Service fees	9,416,919	-	9,416,919	11,751,051
In-kind contributions	549,326	-	549,326	406,259
Other	38,360	-	38,360	6,096
Interest and dividends	26,846	-	26,846	3,846
Net assets released from restrictions	5,028,362	(5,028,362)	-	-
Total revenue and support	17,601,142	2,519,663	20,120,805	20,178,506
Expenses				
Program services	13,983,553	-	13,983,553	16,868,551
General and administrative	2,075,663	-	2,075,663	2,199,614
Fundraising	1,051,020	-	1,051,020	798,239
Total expenses	17,110,236	-	17,110,236	19,866,404
Change in net assets	490,906	2,519,663	3,010,569	312,102
Net Assets at Beginning of Year	5,215,478	4,949,634	10,165,112	9,853,010
Net Assets at End of Year	$ 5,706,384	$ 7,469,297	$ 13,175,681	$ 10,165,112

B.E.L.L. FOUNDATION, INC.

Statement of Cash Flows

For the Year Ended June 30, 2017
With Comparative Totals for the Year Ended June 30, 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ 3,010,569	$ 312,102
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	74,609	71,263
Decrease (increase) in assets:		
Accounts receivable	1,786,683	(776,323)
Promises to give	(3,728,839)	693,463
Prepaid curriculum materials	(98,652)	234,495
Prepaid expenses	(131,789)	(82,766)
Deposits	(1,553)	116,890
Increase (decrease) in liabilities:		
Accounts payable	44,224	495,617
Accrued salaries and related expenses	(11,777)	(975,510)
Deferred revenue	438,273	(443,278)
Net Cash Provided by (Used in) Operating Activities	1,381,748	(354,047)
Cash Flows from Investing Activities		
Purchase of fixed assets	(14,032)	(51,808)
Proceeds received from return of fixed assets	-	8,703
Net Cash Used in Investing Activities	(14,032)	(43,105)
Cash Flows from Financing Activities		
Proceeds from line of credit	2,000,000	600,000
Repayments on line of credit	(2,000,000)	(600,000)
Net Cash Provided by Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,367,716	(397,152)
Cash and Cash Equivalents - Beginning	5,686,817	6,083,969
Cash and Cash Equivalents - Ending	$ 7,054,533	$ 5,686,817
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 30,736	$ 20,671

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

B.E.L.L. FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2017
With Comparative Totals for the Year Ended June 30, 2016

	2017						2016
	After School Program +	Summer Program =	Total Program Services	General and Administrative	Fundraising	Total	Total
Salaries	$ 1,075,318	$ 7,766,962	$ 8,842,280	$ 1,196,961	$ 610,589	$ 10,649,830	$ 12,519,009
Payroll taxes	99,761	616,755	716,516	67,323	37,832	821,671	1,114,642
Fringe benefits	57,350	338,308	395,658	99,690	56,040	551,388	492,218
Subtotal	1,232,429	8,722,025	9,954,454	1,363,974	704,461	12,022,889	14,125,869
Assessement and evaluation	1,621	112,568	114,189	-	-	114,189	144,052
Bad debt	-	-	-	108,485	-	108,485	799
Books and curriculum	80,641	1,106,104	1,186,745	-	-	1,186,745	1,537,035
Depreciation	5,088	32,032	37,120	23,998	13,491	74,609	71,263
Enrollment and marketing	1,405	24,638	26,043	-	-	26,043	53,618
Field trips and events	39,864	517,326	557,190	-	-	557,190	625,531
Fundraising materials, supplies and printing	-	-	-	-	6,712	6,712	6,879
Human resources	9,659	63,247	72,906	45,380	25,510	143,796	142,576
Insurance	18,414	85,359	103,773	11,853	6,663	122,289	130,119
Interest	2,096	13,196	15,292	9,886	5,558	30,736	20,671
Occupancy	70,234	197,932	268,166	77,441	43,535	389,142	555,617
Office expense	52,391	266,653	319,044	91,987	51,711	462,742	464,787
Other direct program	801	14,537	15,338	-	-	15,338	30,744
Other miscellaneous	6,350	65,553	71,903	28,157	16,579	116,639	161,388
Professional fees	29,264	184,155	213,419	129,456	72,775	415,650	285,295
Program supplies	13,921	206,173	220,094	-	-	220,094	350,123
Recruiting	10,970	54,461	65,431	-	-	65,431	40,302
Staff training	23,330	186,069	209,399	-	-	209,399	297,657
Technology	21,313	135,450	156,763	100,512	56,504	313,779	316,605
Travel and transportation	43,201	333,083	376,284	84,534	47,521	508,339	505,474
	$ 1,662,992	$ 12,320,561	$ 13,983,553	$ 2,075,663	$ 1,051,020	$ 17,110,236	$ 19,866,404

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

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by the B.E.L.L. Foundation, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization is a 501(c) (3) nonprofit organization that partners with schools and communities to expand learning time. Its mission is to transform the academic achievements, self-confidence, and life trajectories of children living in under-resourced communities. The Organization believes in the tremendous potential of all children to excel, and as such, it recognizes them as scholars.

The Organization was founded in Boston in 1992, and has since served students in grades K-8 in 34 states.

The Organization's program models are designed to serve scholars who read and perform math below grade-level, and who come from low-income families and disadvantaged neighborhoods. The Organization's scholars achieve strong outcomes each year, and programs are recognized as models of excellence by school districts, policy makers, and leaders in the education and philanthropic communities.

The Organization operates two core programs in a year-round effort to help children excel. Its summer learning program operates up to 5 days per week, 8 hours per day, for 8 weeks. The Organization's after school program operates up to 5 days per week, 3 hours per day, for 30 weeks at school-based sites. The Organization's programs set high expectations for scholars and include elements that are proven to increase their time-on-task and accelerate learning, including small-group instruction in literacy and math; mentorship from teachers and college students; experiential learning through enrichment courses, field trips and community service, parental involvement and ongoing training and professional development for staff. The summer learning and after school programs accounted for 87% and 13% of program expenditures for the year ended June 30, 2017, respectively.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating activities. Operating revenues consist of those monies earned and contributions received attributable to the Organization's ongoing efforts.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

The statement of financial position presents three classes of net assets (unrestricted, temporarily restricted and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Unrestricted **-** Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Temporarily Restricted **-** Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at one financial institution located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. The Organization also maintains cash balances at one financial institution located in Massachusetts which are insured by Securities Investor Protection Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to cash balances as of June 30, 2017.

(e) Revenue Recognition

The Organization earns revenue as follows:

Service Fees **-** Service fee revenue is earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. All contracts, consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental Organization.

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

In-kind Contributions - In-kind contributions are donated services recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization.

Contributions and Grants - Contributions and grants are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned. Special events are incidental to the Organization's operations and the related revenue has been reported with contributions and grants and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities.

Deferred revenue represents program service fees received prior to year-end for the following fiscal period. These amounts are recognized as income during the subsequent fiscal period.

The Organization's revenue is derived from its activities in three major regions consisting of: New England, Tri-State and Mid-Atlantic. During the year ended June 30, 2017, the Organization derived approximately 47% of its total revenue from governmental agencies and 53% from foundations and individual donors. All revenue is recorded at the estimated net realizable amounts.

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2017, the allowance for doubtful accounts was $40,000.

The Organization does not have a policy to accrue interest on receivables. As of June 30, 2017, the Organization's accounts receivable are due from government agencies.

(g) Prepaid Curriculum Materials

Prepaid curriculum materials consist of books for the various site libraries, kits and workbooks used by scholars, and other materials purchased for use in programs. These materials are estimated to have a useful content life of three years but are typically consumed within one year from purchase. All items are recorded at cost and subject to an annual count at which time a determination is made on any continued useful life.

(1) Summary of Significant Accounting Policies - continued

(h) Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2017, management has determined any allowance would be immaterial. As of June 30, 2017, all unconditional promises to give are due from foundations and individual donors.

(i) Fixed Assets

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities. The Organization capitalizes all property and equipment over $1,000 with a useful life of at least one year.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	7 years
Computers and software	3 years
Furniture and equipment	3-7 years

(j) Fair Value Measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

(1) Summary of Significant Accounting Policies - continued

(j) Fair Value Measurements - continued

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Measurements

The following section describes the valuation methodologies used to measure financial assets and liabilities at fair value on a recurring basis.

Promises to Give: The promises to give due in more than one year of $525,000 are reflected at the present value of estimated future cash flows using a discount rate of 3% and were classified as Level 2.

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended June 30, 2017.

(k) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 10% for the year ended June 30, 2017. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(l) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Occupancy, payroll and associated costs are allocated to functions based upon time studies or timesheets.

(1) Summary of Significant Accounting Policies - continued

(m) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management uses estimates to determine revenue recognition for the summer programs each year. More specifically; management recognizes Summer Program Revenue for both governmental contracts and contributions based on a percentage of direct summer expense incurred before year end. This calculation impacts revenue, deferred revenue and restricted contributions recognized during the year.

(n) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

(o) Summarized Financial Information for 2016

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

(2) Promises to Give

Unconditional promises to give consist of the following as of June 30, 2017:

	Gross Promise	Allowance	Net Promise	Unamortized Discount	Total
Receivable less than 1 year	$ 5,113,837	$ -	$ 5,113,837	$ -	$ 5,113,837
Receivable in 1 to 5 years	525,000	-	525,000	(25,458)	499,452
	$ 5,638,837	$ -	$ 5,638,837	$ (25,458)	$ 5,613,289

The applicable discount rates for the above promises to give was 3%.

(2) Promises to Give - continued

Conditional promises to give consist of the following as of June 30, 2017:

Unrestricted promise to give, conditional on achievement of strategic plan milestones	$ 6,000,000
Promise to give for literacy and enrichment programing in Maryland, conditional on funding availability and approval	950,750
Total conditional promises to give	$ 6,950,750

(3) Line of Credit

The Organization has available a demand line of credit with Sovereign Bank (a Massachusetts bank) of $7,000,000 to be drawn upon as needed, with interest at the prime rate plus 1% or 4.5%, as of June 30, 2017. An unused fee of 25 basis points is charged for the unused portion of the line. The line is secured by the Organization's general business assets. During the year ended June 30, 2017, the Organization borrowed $2,000,000 on the line of credit and made payments of $2,000,000 on the line of credit. Interest expense for the year ended June 30, 2017 was $30,736. As of June 30, 2017, there were no outstanding balances.

(4) In-kind Contributions

In-kind contributions for the year ended June 30, 2017 were as follows:

Pro-bono outside services:	
Teachers, program assistants, enrichment teachers, nurses and coordinators	$ 549,326

(5) Operating Lease Commitments

The Organization also occupies office and program space under non-cancelable, operating lease agreements with various expiration dates through 2020. The Organization is also liable for certain real estate tax increases and operating cost adjustments under the office lease terms. The minimum annual operating non-cancelable lease commitments on property for the Organization are as follows:

2018	$ 249,068
2019	202,104
2020	117,897

Rent expense for the year ended June 30, 2017 was $328,723.

(5) Operating Lease Commitments - continued

Security and last month rental deposits on various sites are as follows:

New York	$ 14,625
Boston	23,532
Baltimore	2,139
North Carolina	2,235
Total security deposits	$ 43,670

(6) Commitments and Contingencies

The Organization receives a portion of its funding from governmental agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization's operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

United States Department of Education
Various state, city and town government agencies in California, Maryland, Massachusetts, New Jersey, New York, North Carolina, Ohio, Rhode Island, South Carolina and Washington D.C.

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by the agencies listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2017, temporarily restricted net assets are restricted or the following purposes:

		Total
Summer programs in the following locations:		
Massachusetts	$	303,500
Maryland		1,068,375
North Carolina		29,500
Time restrictions		6,067,922
Total temporarily restricted net assets	$	7,469,297

(8) Employee Benefits

(a) Defined Contribution Plan

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. All employees, after one full year of employment, are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. The Organization's contributions under this plan amounted to $23,324 for the year ended June 30, 2017.

(b) Section 125 Plan

The Organization has a plan that qualifies as a "Cafeteria Plan" under Section 125 of the IRC. The plan allows the Organization's employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees whose customary employment is at least 40 hours per week are eligible to participate in the plan.

(9) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 15, 2017, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2017 that required recognition or disclosure in these financial statements.