YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SOUTH HAMPTON ROADS
(A nonprofit organization)

NORFOLK, VIRGINIA

JUNE 30, 2016 AND 2015

eliminating racism
empowering women
ywca

Colby & Company PLC
Certified Public Accountants

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SOUTH HAMPTON ROADS

FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Women's Christian Association of South Hampton Roads
Norfolk, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Young Women's Christian Association of South Hampton Roads (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

2121 Old Greenbrier Road, Chesapeake, VA 23320, (757) 523-2700, FAX 523-0536

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Women's Christian Association of South Hampton Roads, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses for the year-ended June 30, 2016 on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Colby & Company, PLC

Chesapeake, VA
September 28, 2016

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SOUTH HAMPTON ROADS

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	$ 212,233	$ 54,407
Investments, at fair value	773,027	40,447
Investment land	40,000	-
Accounts and grant receivable	132,646	127,563
Prepaid expenses	720	10,659
Promises to give	94,650	-
Total current assets	$ 1,253,276	$ 233,076
PROPERTY AND EQUIPMENT:		
Property, equipment and net loan costs	$ 1,145,236	$ 2,215,913
Less - accumulated depreciation	812,527	1,010,863
Property and equipment-net	$ 332,709	$ 1,205,050
TOTAL ASSETS	$ 1,585,985	$ 1,438,126

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES:		
Notes payable:		
Demand notes	$ 249,401	$ 1,189
Current portion long-term debt	-	45,600
Accounts payable	36,760	16,926
Accrued expenses	6,005	2,000
Accrued payroll and payroll taxes	78,630	105,120
Total current liabilities	$ 370,796	$ 170,835
LONG-TERM DEBT:		
Notes payable	$ -	$ 45,600
Less - current portion above	-	45,600
Net long-term debt	$ -	$ -
Total liabilities	$ 370,796	$ 170,835
NET ASSETS:		
Temporarily restricted	$ 423,500	$ 323,500
Unrestricted	791,689	943,791
Total net assets	$ 1,215,189	$ 1,267,291
TOTAL LIABILITIES AND NET ASSETS	$ 1,585,985	$ 1,438,126

See notes to the financial statements.

Colby & Company PLC
Certified Public Accountants

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SOUTH HAMPTON ROADS

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
UNRESTRICTED NET ASSETS:		
Public support, revenues and gains:		
Contributions	$ 305,233	$ 216,311
Special events	153,043	152,479
United Way	296,012	303,159
Program fees	723,849	678,180
Other revenue	3,143	9,379
Rental income	-	1,630
Interest and dividend income	6,120	3,049
Loss on disposal of property and equipment	(100,411)	(869)
Unrealized gain (loss) on investments	69,225	(2,446)
Total unrestricted support and revenue	$ 1,456,214	$ 1,360,872
Net assets released from restrictions-		
Restrictions satisfied by payments	932,278	1,072,553
Total unrestricted revenues, gains, and other support	$ 2,388,492	$ 2,433,425
Expenses:		
Program services	$ 1,978,499	$ 2,212,591
Management and general	372,396	372,919
Fundraising	189,699	117,197
Total expenses	$ 2,540,594	$ 2,702,707
Change in unrestricted net assets from operations and support	$ (152,102)	$ (269,282)
TEMPORARILY RESTRICTED NET ASSETS -		
Grants	$ 1,032,278	$ 1,072,553
Net assets released from restriction - satisfied by payments	(932,278)	(1,072,553)
Increase (decrease) in temporarily restricted net assets	$ 100,000	$ -
TOTAL CHANGE IN NET ASSETS	$ (52,102)	$ (269,282)
NET ASSETS, Beginning of year	1,267,291	1,536,573
NET ASSETS, End of year	$ 1,215,189	$ 1,267,291

See notes to the financial statements.

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YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SOUTH HAMPTON ROADS

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors and customers	$ 2,505,332	$ 2,478,664
Cash paid to suppliers and employees	(2,564,316)	(2,608,842)
Other revenue	3,143	9,379
Rental income	-	1,630
Interest and dividend income	6,120	3,049
Interest expense	(10,005)	(9,150)
Net cash used by operating activities	$ (59,726)	$ (125,270)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	$ -	$ (12,747)
Net proceeds from sale of property and equipment	718,295	-
Purchase of investment land	(40,000)	-
Net redemptions (purchases) of investments	(663,355)	167,049
Net cash provided by investing activities	$ 14,940	$ 154,302
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	$ (45,600)	$ (22,355)
Net proceeds from short term borrowing	248,212	1,189
Net cash provided (used) by financing activities	$ 202,612	$ (21,166)
NET INCREASE IN CASH	$ 157,826	$ 7,866
CASH AND CASH EQUIVALENTS - Beginning of the year	54,407	46,541
CASH AND CASH EQUIVALENTS - End of the year	$ 212,233	$ 54,407
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	$ (52,102)	$ (269,282)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:		
Loss on sale of property and equipment	$ 100,411	$ 869
Depreciation	53,635	76,774
Unrealized (gain) loss on available-for-sale securities	(69,225)	2,446
(Increase) decrease in accounts receivable and promises to give	(99,733)	55,982
(Increase) decrease in prepaid expenses	9,939	(4,922)
Increase (decrease) in accounts payable and accrued expenses	(2,651)	12,863
Total adjustments	$ (7,624)	$ 144,012
NET CASH USED BY OPERATING ACTIVITIES	$ (59,726)	$ (125,270)

See notes to the financial statements.

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YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF SOUTH HAMPTON ROADS

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016, WITH COMPARATIVE TOTALS FOR 2015

	Program Services	Management and General	Fund Raising	Total Expenses 2016	Total Expenses 2015
Advertising	$ 18	$ 1,927	$ 15,923	$ 17,868	$ 10,536
Awards and grants	-	-	-	-	1,136
Bank fees	382	4,705	1,867	6,954	7,516
Conferences and meetings	14,539	3,628	3,185	21,352	15,310
Contract services	64,255	109,193	6,412	179,860	98,105
Dues and subscriptions	2,770	955	160	3,885	2,204
Equipment	7,383	25,298	364	33,045	12,637
Insurance	-	2,865	-	2,865	2,865
Interest	-	10,005	-	10,005	9,150
Miscellaneous	-	-	-	-	1,132
Occupancy	57,795	30,189	442	88,426	103,476
Postage	351	1,499	509	2,359	3,700
Printing and publications	1,919	2,931	30	4,880	8,881
Professional fees	-	22,156	35,428	57,584	10,328
Provision for bad debt	1,715	-	-	1,715	1,281
Salaries, wages and benefits	1,233,893	117,275	71,205	1,422,373	1,786,124
Specific assistance	216,462	-	-	216,462	177,254
Special events	-	-	44,015	44,015	43,756
Stewardship expenses	-	-	301	301	-
Supplies	151,327	6,492	2,001	159,820	89,894
Taxes and licenses	130,973	12,043	7,527	150,543	177,421
Telephone	13,863	1,831	-	15,694	20,848
Travel	31,896	339	330	32,565	29,621
Total functional expenses before depreciation and amortization	$ 1,929,541	$ 353,331	$ 189,699	$ 2,472,571	$ 2,613,175
Payments to national YWCA	-	14,388	-	14,388	12,758
Depreciation and amortization	48,958	4,677	-	53,635	76,774
Total functional expenses	$ 1,978,499	$ 372,396	$ 189,699	$ 2,540,594	$ 2,702,707

See notes to the financial statements.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Nature of Activities:

The YWCA is the oldest and largest multicultural women's organization in the world. The YWCA is the voice for every woman. For over 100 years, the YWCA South Hampton Roads has been at the forefront of most social movements in the United States – from voting rights, to civil rights, to pay equity; from violence prevention to childcare initiatives. We provide safe places for women and girls, build strong women leaders, and advocate for women's rights.

Our mission to eliminate racism and empower women is connected to a network of YWCA's in small towns and major cities across the U.S., offering women of all ages leadership opportunities, job training, life skills, support groups, shelters for safety and recovery, wellness resources and programs focused on empowering women and girls.

The hallmark programs of the YWCA South Hampton Roads include: 1) Domestic Violence Emergency Shelter and Housing Program; 2) Sexual Assault Support Services and Counseling Center; 3) Out-of-School Time Services for children between the ages of 3 and 12 years old; 4) Racial Justice initiatives such as Mix It Up at Lunch Day, Stand together Against Racism Community Dialogues and the Phillis Wheatley Essay Contest and Scholarship Awards. Three new signature programs were added during fiscal year 2014 including the: 1) Respite Childcare Program; 2) AmeriCorps Service-Learning Program; and 3) Tidewater Community College Child Development Centers operated by the YWCA South Hampton Roads. The new signature programs are designed to expand the continuum of supportive services offered to the children up to age 12 in South Hampton Roads.

The overarching goal of programs offered by the YWCA South Hampton Roads is to promote peace, justice, freedom and dignity for all individuals, particularly those who are most disadvantaged in the region's neighborhoods and communities. During the last fiscal year, the Organization provided services to more than 5,000 individuals and achieved the following program benchmarks:

- 11,839 nights of emergency shelter were provided to women and children escaping domestic violence.
- 12,160 individuals were educated through violence prevention and outreach services.
- 9,727 hotline calls were answered providing information, resources and referrals for victims of domestic and sexual violence.
- 168 victims of rape and personal violence received comprehensive mental health support services, hospital accompaniment, counseling and legal advocacy.
- 265 children from low-to-moderate income and military families were offered a safety net through the Out-of-School Time Services before and after-school childcare program in 5 Norfolk Public Schools. Further, 43,000 healthy snacks and meals were provided through partnerships with the Foodbank of Southeastern Virginia and Norfolk Public Schools Child Nutrition Services.
- 185 children from low-income families were provided care in the Tidewater Community College Development Centers operated by the YWCA South Hampton Roads. This allowed parenting students to attend college to further their education and career opportunities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(A) Nature of Activities: (continued)

- 41 economically disadvantaged elementary students received tutoring and academic remediation support in reading and math through the AmeriCorps Service-Learning Program. Of these, 35 students improved their math or reading scores, as measured by the Commonwealth of Virginia Standards of Learning (SOLs).

(B) Net Assets, Revenue Recognition and Public Support:

The financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets: unrestricted, temporarily restricted or permanently restricted.

Revenues and expenses are generally recognized under the accrual method of accounting. Revenues are recorded when earned and expenses when incurred.

Capital campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give at there net realizable value. The majority of the promises to give are received from a broad base of Hampton Roads area of Virginia contributors as a result of the capital campaign. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Net assets, revenues, public support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Revenues are reported as increases in the unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized gains and losses on investments are reported as increases in unrestricted net assets unless their use is restricted by donors or state law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

See independent auditor's report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(B) Net Assets, Revenue Recognition and Public Support: (continued)

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

(C) Income Taxes:

The Organization qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

(D) Contributed Services:

Contributions of services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donate significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

(E) Cash and Cash Equivalents:

For purposes of the statement of cash flows, the company considers cash on hand and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(F) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. It is at least reasonably possible that that the significant estimates used will change in the next year.

(G) Advertising:

Advertising costs are expensed in the year the promotion takes place. The Organization incurred advertising costs of $17,868 and $10,536, during the years ended June 30, 2016 and 2015, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(H) Fair Value of Financial Instruments:

The carrying amounts of the Organization's cash and cash equivalents, and current maturities of long-term debt approximate their fair value. The fair value of the Organization's long-term debt is estimated at $0 based on the future cash flows associated with each note discounted using the Organization's current borrowing rate for similar debt.

(I) Property and Equipment:

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments are capitalized. The gain or loss on items otherwise disposed of is reflected in income. Depreciation is computed using the straight-line method and is based upon estimated useful lives of the assets.

Property and equipment are comprised of the following:

		Estimated Useful Life
Buildings	$ 205,948	20 - 39 years
Building improvements	758,758	5 - 39 years
Land	44,631	
Furniture and fixtures	123,571	3 - 10 years
Vehicles	12,328	5 years
Total	$ 1,145,236	

In accordance with generally accepted accounting principles (GAAP) of the United States of America, management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an assets may not be recoverable. A write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual assets or the asset group level for which the lowest level of independent cash flows can be identified.

(J) Concentrations of Credit Risk:

Financial instruments which potentially expose the Organization to concentrations of credit risk consist primarily of temporary cash investments and trade accounts receivable.

The Organization places their temporary cash investments with high credit quality financial institutions, although at times some amounts may be in excess of the FDIC insurance limits. As of June 30, 2016 and 2015, the Organization had demand deposits in financial institutions which exceeded depositor's insurance provided by the applicable guaranty agency of $33,881 and $0, respectively.

NOTE 2 - LINE OF CREDIT:

The Organization has a $325,000 working capital line of credit for working capital purposes. Interest is stated at prime plus 1% and renews annually. As of June 30, 2016 and 2015, draws against this line totaled $249,401 and $1,189, respectively. The line is collateralized by accounts, contract rights and fixtures on real property located at Lot 26 thru 28, 39 thru 44, Pts. of Waterview Ave, and W. 53rd Street, BLK 280 and Pt 1 Fox Hall Point, Norfolk, Virginia. This line expires October 26, 2016.

See independent auditor's report.

NOTE 3 - LONG-TERM DEBT:

	2016	2015
4.0% installment note with 60 monthly payments of $1,402 including principal and interest secured by a deed of trust on real property located at 5211 Colley Ave., Norfolk, Virginia	$ -	$ 45,600
Less current portion	-	45,600
Long-term debt - net	$ -	$ -

NOTE 4 - LEASE COMMITMENTS:

The Organization has a non-cancelable equipment lease with terms up to five years. Rental expense for operating leases during June 30, 2016 and 2015 were $8,532 and $9,796, respectively.

Beginning in 2016 The Organization began leasing it's office space in Norfolk, Virginia. The lease term is for 3 years and 3 months with an option to renew. Rental expense for this lease during June 30, 2016 amounted to $9,751.

Future minimum rental payments for this lease are as follows:

2017	$ 116,782
2018	120,290
2019	113,310
Total	$ 350,382

NOTE 5 - UNITED WAY FUND RAISING COSTS:

The Organization, as part of a requirement of receiving support from the United Way, shares in the costs to acquire the funds in proportion to the amount of support received from the United Way. The allocated fund raising costs for the years ended June 30, 2016 and 2015 was $35,140 and $34,165, respectively.

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 7 - PREPAID EXPENSES:

Prepaid expenses consist of amounts paid in advance for insurance and rent and also include amounts represented in gift cards. These amounts are expensed ratably though out the year or as used. As of June 30, 2016 and 2015, these amounts totaled $720 and $10,659, respectively.

See independent auditor's report.

NOTE 8 - CONTINGENCIES:

The organization receives funds from federal agencies subject to certain compliance requirements. If matters of noncompliance exist, the Federal government may subject the grant programs to compliance tests, which may result in the loss of grant revenue. During the years ended June 30, 2016 and 2015, the amount of expenditures of awards from Federal programs did not exceed the threshold requiring an audit under OMB Circular A-133.

NOTE 9 - INVESTMENTS:

The Organization has investments which are managed professionally and are a part of the United Way Foundation Endowment Fund.

Investment returns for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Interest and Dividends	$ 6,120	$ 3,049
Unrealized gains (losses)	69,225	(2,446)
Total	$ 75,345	$ 603

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS:

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Temporarily restricted net assets as of June 30, 2016 and 2015 consist of the following:

	2016	2015
Women in Crisis Program	$ 323,500	$ 323,500
Olyvia Dyson Scholarship	100,000	-
	$ 423,500	$ 323,500

NOTE 11 - GRANT REVENUE:

Grant revenue is summarized as follows:	2016	2015
City of Norfolk	$ 76,341	$ 228,555
Commonwealth of Virginia	454,786	470,485
Federal	374,090	274,478
Other	127,061	99,035
	$ 1,032,278	$ 1,072,553

NOTE 12 - RETIREMENT PLAN:

The Organization has a defined contribution pension plan available to all employees. Participants can contribute up to 5% of their annual compensation. The Organization contributes 3% to 10% of the employee's annual compensation determined by the Board of Directors. The Organization contributed a total of $17,922 and $9,803 for the years ended June 30, 2016 and 2015, respectively. This amount is included in benefits on the statement of functional expenses.

See independent auditor's report.

NOTE 13 - UNALLOCATED PAYMENTS TO AFFILIATED ORGANIZATIONS:

In accordance with the affiliation agreement with its national association, dues payments are based on a portion of membership fees collected an amount for work fellowship and a fixed pledge for budget responsibility and are paid to a regional association. Dues to the national association expensed for the years ended June 30, 2016 and 2015 were $14,388 and $12,758, respectively.

NOTE 14 - FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board (FASB) accounting standards codification (ASC) 820, Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

Marketable securities: Valued at the net asset value (NAV) and at the trading value of corporate bonds of shares and bonds held by the Company at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 financial instruments could result in a different fair value measurement at the reporting date.

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued):

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair values as of June 30, 2016:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Marketable securities	$ -	$773,027	$ -	$773,027

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair values as of June 30, 2015:

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Marketable securities	$ -	$ 40,447	$ -	$ 40,447

NOTE 15 - ACCOUNTS PAYABLE:

Accounts payable include amounts due to vendors, totaling $36,760 and $16,926 at June 30, 2016 and 2015 respectively.

NOTE 16 - PROVISION FOR BAD DEBT:

The provision for bad debt is comprised of the following:

	2016	2015
Current year write offs	$ 1,715	$ 1,281
Allowance for doubtful accounts	-	-
	$ 1,715	$ 1,281

NOTE 17 - ACCRUED EXPENSES:

Accrued expenses include amounts due to vendors for expenses but not yet billed by the vendor. Accrued expenses amounted to $6,005 and $2,000 for the years ended June 30, 2016 and 2015, respectively.

NOTE 18 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through September 28, 2016, the date on which the financial statements were available to be issued.