Collaborative For Children

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2014 and 2013

Collaborative For Children

Table of Contents

Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Collaborative For Children:

Report on the Financial Statements

We have audited the accompanying financial statements of Collaborative For Children, which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities, of functional expenses, and of 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.

Auditors' 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 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 our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Collaborative For Children as of December 31, 2014 and 2013 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.

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Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2015 on our consideration of Collaborative For Children'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 Collaborative For Children's internal control over financial reporting and compliance.

Blazek & Vetterling

June 9, 2015

Collaborative For Children

Statements of Financial Position as of December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents *(Note 2)*	$ 705,116	$ 506,489
Receivables:		
Government agencies	253,447	155,244
United Way service contracts	54,698	73,370
Other	53,366	29,306
Pledges receivable	563,000	610,947
Certificate of deposit *(Note 5)*	207,420	207,392
Prepaid expenses and other assets	37,963	39,437
Property, net *(Note 3)*	65,145	72,384
Interest in assets of Greater Houston Community Foundation *(Note 4)*	252,138	
TOTAL ASSETS	$ 2,192,293	$ 1,694,569
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 168,577	$ 70,426
Accrued payroll expenses	95,694	175,396
Note payable *(Note 5)*	19,475	30,723
Deferred facility rent *(Note 10)*	106,924	111,644
Total liabilities	390,670	388,189
Net assets:		
Unrestricted	592,982	434,686
Temporarily restricted *(Note 6)*	958,641	871,694
Permanently restricted *(Note 7)*	250,000	
Total net assets	1,801,623	1,306,380
TOTAL LIABILITIES AND NET ASSETS	$ 2,192,293	$ 1,694,569

See accompanying notes to financial statements.

Collaborative For Children

Statement of Activities for the year ended December 31, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUE:				
Contributions	$ 596,332	$ 1,257,500	$ 250,000	$ 2,103,832
Government grants *(Note 8)*	3,481,990			3,481,990
United Way Service contracts	1,031,497			1,031,497
Special events	338,545			338,545
Cost of direct donor benefits	(75,424)			(75,424)
Program service fees	113,032			113,032
Other income	11,525	2,138		13,663
Total revenue	5,497,497	1,259,638	250,000	7,007,135
Net assets released from restrictions:				
Expenditures for program purposes	637,691	(637,691)		
Release of time restrictions	535,000	(535,000)		
Total	6,670,188	86,947	250,000	7,007,135
EXPENSES:				
Program services:				
Provider Engagement	3,631,909			3,631,909
Family Engagement	722,104			722,104
Community Engagement	478,893			478,893
Total program services	4,832,906			4,832,906
Management and general	1,290,296			1,290,296
Fundraising	388,690			388,690
Total expenses	6,511,892			6,511,892
CHANGES IN NET ASSETS	158,296	86,947	250,000	495,243
Net assets, beginning of year	434,686	871,694		1,306,380
Net assets, end of year	$ 592,982	$ 958,641	$ 250,000	$ 1,801,623

See accompanying notes to financial statements.

Collaborative For Children

Statement of Activities for the year ended December 31, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE:			
Contributions	$ 473,821	$ 911,098	$ 1,384,919
Government grants *(Note 8)*	2,324,223		2,324,223
United Way service contracts	945,325		945,325
Special events	369,289		369,289
Cost of direct donor benefits	(97,143)		(97,143)
Program service fees	115,246		115,246
Other income	10,842		10,842
Total revenue	4,141,603	911,098	5,052,701
Net assets released from restrictions:			
Expenditure for program purposes	1,260,495	(1,260,495)	
Expiration of time restrictions	685,000	(685,000)	
Total	6,087,098	(1,034,397)	5,052,701
EXPENSES:			
Program services:			
Provider Engagement	2,698,537		2,698,537
Family Engagement	762,713		762,713
Community Engagement	1,123,404		1,123,404
Total program services	4,584,654		4,584,654
Management and general	1,204,864		1,204,864
Fundraising	367,172		367,172
Total expenses	6,156,690		6,156,690
CHANGES IN NET ASSETS	(69,592)	(1,034,397)	(1,103,989)
Net assets, beginning of year	504,278	1,906,091	2,410,369
Net assets, end of year	$ 434,686	$ 871,694	$ 1,306,380

See accompanying notes to financial statements.

Collaborative For Children

Statement of Functional Expenses for the year ended December 31, 2014

EXPENSES	PROVIDER ENGAGEMENT	FAMILY ENGAGEMENT	COMMUNITY ENGAGEMENT	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries, related taxes and benefits	$ 1,493,940	$ 494,599	$ 201,942	$ 889,575	$ 221,480	$ 3,301,536
Equipment and incentive grants	935,807	58,088		217	30,551	1,024,663
Professional and contract services	462,319	7,378	127,036	220,051	30,240	847,024
College tuition, continuing education, and awards to caregivers	439,759	4,504		361	5,028	449,652
Occupancy	106,598	35,262	14,851	65,611	16,290	238,612
Contributions to the Public Awareness Campaign			97,087	426		97,513
Printing	15,775	49,574	962	16,438	3,706	86,455
Computer technology expense	15,969	25,898	24,610	5,551	8,932	80,960
Travel	40,233	9,590	3,046	1,730	3,568	58,167
Staff development	24,429	4,614	310	17,876	2,144	49,373
Conferences, meetings, and workshops	28,564	7,339	396	4,560	187	41,046
Office supplies	20,074	4,791	1,685	10,276	2,406	39,232
Internet service fees	11,122	3,753	1,738	6,548	1,594	24,755
Depreciation	10,604	2,971	1,444	6,799	2,008	23,826
Insurance expense	9,472	3,188	1,345	3,631	1,477	19,113
Telephone	9,673	1,885	925	4,080	734	17,297
Postage and shipping	1,812	4,149	139	1,025	981	8,106
Equipment rental and maintenance	2,591	849	367	1,610	391	5,808
Interest expense	1,260	443	187	795	194	2,879
Other	1,908	3,229	823	33,136	56,779	95,875
Total expenses	$ 3,631,909	$ 722,104	$ 478,893	$ 1,290,296	$ 388,690	6,511,892
Cost of direct donor benefits						75,424
Total						$ 6,587,316

See accompanying notes to financial statements.

Collaborative For Children

Statement of Functional Expenses for the year ended December 31, 2013

EXPENSES	PROVIDER ENGAGEMENT	FAMILY ENGAGEMENT	COMMUNITY ENGAGEMENT	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries, related taxes and benefits	$ 1,154,038	$ 528,272	$ 311,754	$ 864,186	$ 254,051	$ 3,112,301
Equipment and incentive grants	744,550	82,160			13,838	840,548
Professional and contract services	283,253	17,458	396,313	179,561	18,893	895,478
College tuition, continuing education, and awards to caregivers	259,365	3,804	2,680	446		266,295
Occupancy	85,643	39,371	24,967	67,804	19,014	236,799
Contributions to the Public Awareness Campaign			330,000	459		330,459
Printing	9,497	12,434	5,297	5,830	2,309	35,367
Computer technology expense	11,679	22,583	29,622	11,292	5,492	80,668
Travel	37,515	10,745	3,899	1,877	2,169	56,205
Staff development	22,016	2,146	1,925	11,078	2,479	39,644
Conferences, meetings, and workshops	29,863	9,944	2,000	7,713	2,772	52,292
Office supplies	22,637	8,015	3,949	9,535	3,207	47,343
Internet service fees	5,706	2,568	1,557	3,199	1,290	14,320
Depreciation	7,211	3,287	2,169	6,398	1,948	21,013
Insurance expense	7,015	3,317	2,022	4,068	1,601	18,023
Telephone	10,546	2,798	2,208	5,104	1,498	22,154
Postage and shipping	1,944	9,023	297	930	2,933	15,127
Equipment rental and maintenance	1,717	891	473	1,408	395	4,884
Interest expense	1,356	622	385	1,091	302	3,756
Other	2,986	3,275	1,887	22,885	32,981	64,014
Total expenses	$ 2,698,537	$ 762,713	$ 1,123,404	$ 1,204,864	$ 367,172	6,156,690
Cost of direct donor benefits						97,143
Total						$ 6,253,833

See accompanying notes to financial statements.

Collaborative For Children

Statements of Cash Flows for the years ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 495,243	$ (1,103,989)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	23,826	21,013
Changes in operating assets and liabilities:		
Receivables	(103,591)	29,776
Pledges receivable	47,947	346,803
Prepaid expenses and other assets	1,474	(1,249)
Accounts payable	98,151	(38,878)
Accrued payroll expenses	(79,702)	(18,752)
Deferred facility rent	(4,720)	34,592
Net cash provided (used) by operating activities	478,628	(730,684)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of interest in assets of Greater Houston Community Foundation	(250,000)	
Net change in interest in assets of Greater Houston Community Foundation	(2,138)	
Purchases of property	(16,587)	(20,409)
Net change in certificate of deposit	(28)	(5)
Net cash used by investing activities	(268,753)	(20,414)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(11,248)	(10,175)
NET CHANGE IN CASH AND CASH EQUIVALENTS	198,627	(761,273)
Cash and cash equivalents, beginning of year	506,489	1,267,762
Cash and cash equivalents, end of year	$ 705,116	$ 506,489

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Collaborative For Children (CFC) has served the Houston community for more than 25 years. CFC works with parents, educators, and local leaders to make sure its region's children have the learning opportunities they need to succeed – in school and throughout their lives. CFC works to fulfill its mission of improving the quality of early education in Greater Houston by focusing its programs and services on the following goal areas:

- **Provider Engagement** programs support and develop child care and early education professionals through one-on-one consulting, training and mentoring for teachers and directors in early care and education centers, scholarships for professional development conferences, and wage enhancement programs to reward teachers for obtaining higher educational credentials.
- **Family Engagement** programs provide families with information, resources and support to launch their children toward academic and life success by providing parent education, printed parenting tips, resource materials, and referrals for early education, after-school programs and children with special needs.
- **Community Engagement** programs provide partnerships to promote healthy child development and strengthen policy and regulations impacting young children. Early childhood education is promoted as a high priority public policy issue in our region with adequate support necessary to deliver quality programs for parents, children, and teachers.

Federal income tax status – CFC is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2). CFC files annual federal information returns that are subject to routine examination; however, there are no examinations for any tax periods currently in progress. CFC believes it is no longer subject to examinations of returns for tax years ended before December 31, 2011.

Cash equivalents include highly liquid financial instruments with original maturities of three months or less.

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to the present value of their estimated future cash flows, if material. At December 31, 2014, 93% of the pledges receivable are due from two donors. The balance at December 31, 2014, is expected to be collected in 2015.

Certificate of deposit is a non-negotiable, timed bank deposit valued at face value plus accrued interest.

Property is reported at cost if purchased or at fair value at the date of gift if donated. Depreciation is provided using the straight-line method over estimated useful lives of 5 years for furniture, equipment and leasehold improvements. Additions and improvements that have a cost of more than $500 are capitalized.

Interest in assets of Greater Houston Community Foundation are reported at fair value. Changes in fair value of the interest of these assets are reported as investment return.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.
- *Permanently restricted net assets* include contributions that donors have restricted in perpetuity. Investment return of permanently restricted net assets is available to support activities as restricted by the donor.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

In 2014 and 2013, four donors provided 66% and 86% of contribution revenue, respectively.

Donated materials and services – Donated materials are recognized at fair value as unrestricted contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Government grants, service contracts, and program service fees are recognized when the related services are provided. Amounts received but unearned are included in the statement of financial position as deferred revenue.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2014	2013
Demand deposits	$ 670,114	$ 471,401
Money market mutual funds	35,002	35,088
Total cash and cash equivalents	$ 705,116	$ 506,489

Bank deposits exceed the federally insured limit per depositor per institution. CFC has entered into a collateral agreement with one of its depository institutions to collateralize deposits in excess of the federally insured limit with U. S. Government debt securities with a fair value of approximately $4,100,000 at December 31, 2014.

NOTE 3 – PROPERTY

Property consists of the following:

	2014	2013
Furniture and equipment	$ 188,998	$ 183,804
Leasehold improvements	5,726	4,375
Total property, at cost	194,724	188,179
Accumulated depreciation	(129,579)	(115,795)
Property, net	$ 65,145	$ 72,384

The cost of property used in operations but not reported on the statement of financial position, because title is held by the federal grantor, was approximately $56,000 and $54,000 at December 31, 2014 and 2013, respectively.

NOTE 4 – INTEREST IN ASSETS OF GREATER HOUSTON COMMUNITY FOUNDATION

CFC is party to an agreement with the Greater Houston Community Foundation (the Community Foundation) whereby amounts deposited by CFC with the Community Foundation will be invested and held for the benefit of CFC. CFC may request grants from these funds from the Community Foundation and the funds cannot be distributed to any other party without the express permission of CFC. There are no restrictions on withdrawal and there are no unfunded commitments at December 31, 2014. The investments held by the Community Foundation are in pooled accounts and were invested for the benefit of CFC in the pooled Income Fund at December 31, 2014.

The fair value of the CFC's investment in Community Foundation reflects CFC's share of the fair value of the underlying pooled investment portfolio managed by Community Foundation. CFC's share of changes in the value of the portfolio is reflected as a component of investment return. Investment management and custodial fees allocable to CFC's investments are deducted from CFC's share of investment return of the portfolio.

CFC's share of the pooled portfolio with Community Foundation was invested as follows at December 31, 2014:

Fixed-income securities	70%
Domestic equity securities	14%
Global equity securities	7%
Money market	5%
Foreign equity securities	4%
Total	100%

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2014 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Interest in assets of Community Foundation	$ 0	$ 0	$ 252,138	$ 252,138

Fair value is based on valuations provided by the Community Foundation. CFC's investment in the pooled fund is calculated based on the percentage of total shares in the fund held by CFC, applied to the total net asset value of the pooled fund. This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CFC believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 5 – NOTE PAYABLE

CFC has a note payable collateralized by telephone equipment and software to be repaid with monthly principal and interest payments of $1,159 through June 2016.

CFC has a $500,000 revolving line of credit with a bank that is collateralized by a certificate of deposit with a face value of $207,000, and by other assets. The line expires on September 30, 2015. Draws on the line bear interest at 3.5% above the bank's prime lending rate. There were no draws on the line of credit during the year ended December 31, 2014.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2014	2013
College Bound from Birth	$ 790,188	$ 224,845
Parent and teacher education	68,408	43,870
Provider support (equipment improvement and teacher development)	49,500	
Use in future periods	35,000	570,000
Children with special needs	13,406	21,732
Mental health		11,247
Scholarships	2,138	
Total temporarily restricted net assets	$ 958,640	$ 871,694

NOTE 7 – ENDOWMENT

CFC's endowment consists of one donor-restricted fund established to support scholarships. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets are as follows:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Endowment net assets, January 1, 2014	$ 0	$ 0	$ 0	$ 0
Contribution			250,000	250,000
Change in interest in assets of Community Foundation		2,138		2,138
Endowment net assets, December 31, 2014	$ 0	$ 2,138	$ 250,000	$ 252,138

CFC's Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, CFC classifies the original value of gifts donated to the permanent endowment as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CFC in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, CFC considers the following factors in making a determination to appropriate or accumulate the donor-restricted endowment fund:

- The duration and preservation of the fund
- The purposes of CFC and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total investment return
- Other resources of CFC
- The investment policies of CFC

Spending Policies and Return Objectives

CFC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment in such a manner as to preserve and enhance the net asset value. The endowment funds consist of contributions that are permanently restricted by the donor. CFC expects its endowment funds, over time, to provide an average annual rate of return of approximately 4%. Actual returns in any given year may vary from this amount.

Presently, funds are managed by an independent investment advisory consulting group with investments being structured to emphasize stable and substantial current income. To satisfy its long long-term rate-of-return objectives, CFC relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Investments are allocated approximately 75% to fixed income and 25% to equity securities.

CFC is in the process of forming an endowment investments advisory committee, substantially comprised of financial advisory professionals, to provide investment guidance for their endowment fund.

Distributions are determined by the formal written criteria established by CFC management with CFC's Program Committee providing oversight concerning the process.

NOTE 8 – GOVERNMENT GRANTS

CFC is a party to contracts with federal, state, and local governmental agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of government grants are as follows:

	2014	2013
U. S. Department of Health and Human Services funds passed through Houston-Galveston Area Council	$ 3,260,418	$ 2,161,432
State of Texas	85,620	110,022
School districts	120,952	52,769
Other	15,000	
Total	$ 3,481,990	$ 2,324,223

CFC receives grants from federal, state, and local governmental funding sources that require fulfillment of certain conditions as set forth in the related contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by CFC with the terms of the contracts. Management believes such disallowances, if any, would not be material to CFC's financial position or changes in net assets.

NOTE 9 – EMPLOYEE BENEFIT PLAN

Substantially all employees of CFC are eligible to participate in a §403(b) tax deferred annuity plan. Employees may elect to participate upon employment by contributing up to 15% of their salary. After three months of employment, the employee is eligible to receive an employer matching contribution, which is determined annually as a percentage of the employee's base salary. CFC's contribution to this plan totaled approximately $50,000 and $46,000 during 2014 and 2013, respectively.

NOTE 10 – COMMITMENTS

In 2012, CFC entered into a noncancelable facility rental agreement for a term of approximately ten years. Under the terms of the agreement, CFC received 6 months of deferred rental payments, which have been recorded as deferred facility rent at December 31, 2014. This deferral will be amortized over the life of the lease. Future minimum lease payments on the facility lease and equipment leases are payable as follows:

2015	$ 278,305
2016	275,974
2017	272,485
2018	285,105
2019	288,609
Thereafter	856,965
Total	$ 2,257,443

Lease expense for facility rental and equipment was approximately $243,000 in 2014 and $239,000 in 2013.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 9, 2015, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.