

PENCIL FOUNDATION

**FINANCIAL STATEMENTS
AND OTHER INFORMATION**

JUNE 30, 2015 AND 2014

PENCIL FOUNDATION

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Independent Auditor's Report

To the Board of Directors
PENCIL Foundation
Nashville, Tennessee

We have audited the accompanying financial statements of PENCIL Foundation (the "Foundation"), a Tennessee not-for-profit corporation, which comprise the statements of financial position as of June 30, 2015 and 2014, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PENCIL Foundation 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of support and revenue, expenses, and changes in net assets on pages 16 - 19 are presented for purposes of additional analysis and are 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 audits 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.

Crosslin & Associates, P.C.

Nashville, Tennessee

September 18, 2015

PENCIL FOUNDATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$355,730	\$ 488,804
Investments in certificates of deposit	393,542	472,998
Contributions receivable (Note B)	-	36,500
Contracts and grants receivable (Note C)	148,349	134,870
Prepaid expenses and other assets	<u>11,349</u>	<u>6,092</u>
 Total assets	 <u>\$908,970</u>	 <u>\$1,139,264</u>

LIABILITIES

Accounts payable and accrued liabilities	<u>\$169,896</u>	<u>\$ 98,161</u>
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NET ASSETS

Unrestricted	716,074	961,103
Temporarily restricted (Note I)	<u>23,000</u>	<u>80,000</u>
Total net assets	<u>739,074</u>	<u>1,041,103</u>
 Total liabilities and net assets	 <u>\$908,970</u>	 <u>\$1,139,264</u>

See accompanying notes to financial statements.

PENCIL FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions and grants	\$ 62,260	\$ 1,620,965	\$ 1,683,225
In-kind contributions	-	316,044	316,044
Special events income (net of related direct costs of \$53,044 and \$30,644 for 2015 and 2014, respectively)	116,812	-	116,812
Interest income	11,287	-	11,287
Net assets released from restrictions (Note I)	<u>1,994,009</u>	<u>(1,994,009)</u>	<u>-</u>
Total support and revenue	<u>2,184,368</u>	<u>(57,000)</u>	<u>2,127,368</u>
Expenses:			
Program activities expense:			
Jobs for Tennessee Graduates	270,124	-	270,124
Financial Literacy/Homebuyer's Education	42,754	-	42,754
PENCIL Partners	335,560	-	335,560
Reading Partners	103,295	-	103,295
Math Partners	62,108	-	62,108
Saint Thomas Science Scholars	-	-	-
Family Resource Centers	408,780	-	408,780
PENCIL Box	464,815	-	464,815
NAZA	584,522	-	584,522
AmeriCorps	<u>75,246</u>	<u>-</u>	<u>75,246</u>
Total program activities expense	<u>2,347,204</u>	<u>-</u>	<u>2,347,204</u>
Support services:			
Collaborative	48,226	-	48,226
Administrative	<u>33,967</u>	<u>-</u>	<u>33,967</u>
Total support services	<u>82,193</u>	<u>-</u>	<u>82,193</u>
Total expenses	<u>2,429,397</u>	<u>-</u>	<u>2,429,397</u>
Net decrease in net assets	(245,029)	(57,000)	(302,029)
Net assets at beginning of year	<u>961,103</u>	<u>80,000</u>	<u>1,041,103</u>
Net assets at end of year	<u>\$ 716,074</u>	<u>\$ 23,000</u>	<u>\$ 739,074</u>

2014		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 88,912	\$ 1,720,505	\$ 1,809,417
-	439,575	439,575
128,861	-	128,861
6,125	-	6,125
2,217,480	(2,217,480)	-
<u>2,441,378</u>	<u>(57,400)</u>	<u>2,383,978</u>
470,606	-	470,606
64,079	-	64,079
280,212	-	280,212
144,821	-	144,821
61,306	-	61,306
5,072	-	5,072
343,252	-	343,252
538,914	-	538,914
408,518	-	408,518
101,504	-	101,504
<u>2,418,284</u>	<u>-</u>	<u>2,418,284</u>
76,799	-	76,799
3,519	-	3,519
<u>80,318</u>	<u>-</u>	<u>80,318</u>
<u>2,498,602</u>	<u>-</u>	<u>2,498,602</u>
(57,224)	(57,400)	(114,624)
<u>1,018,327</u>	<u>137,400</u>	<u>1,155,727</u>
<u>\$ 961,103</u>	<u>\$ 80,000</u>	<u>\$ 1,041,103</u>

See accompanying notes to financial statements.

PENCIL FOUNDATION
STATEMENTS OF CASH FLOWS

	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net decrease in net assets	<u>\$(302,029)</u>	<u>\$(114,624)</u>
Adjustments to reconcile net decrease in net assets to net cash used in operating activities:		
Changes in assets and liabilities:		
Decrease in receivables	23,021	3,523
(Increase) decrease in prepaid expense and other	(5,257)	3,821
Increase (decrease) in accounts payable and accrued expenses	<u>71,735</u>	<u>(1,312)</u>
Total adjustments	<u>89,499</u>	<u>6,032</u>
Net cash used in operating activities	<u>(212,530)</u>	<u>(108,592)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net redemption of investments	<u>79,456</u>	<u>30,571</u>
Net cash provided by investing activities	<u>79,456</u>	<u>30,571</u>
Decrease in cash and cash equivalents	(133,074)	(78,021)
Cash and cash equivalents at beginning of year	<u>488,804</u>	<u>566,825</u>
Cash and cash equivalents at end of year	<u>\$ 355,730</u>	<u>\$ 488,804</u>

See accompanying notes to financial statements.

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and General

PENCIL Foundation (the “Foundation”) is a nonprofit organization formed in 1982 to coordinate efforts by Nashville area businesses and civic organizations to support the Metropolitan Nashville Public School System. Descriptions of the Foundation’s programs are as follows:

Jobs for Tennessee Graduates (JTG) is a year-long capstone class for students at high risk of dropping out of school. Supported by a PENCIL JTG specialist, students focus on core competencies necessary for college and the workplace as they build leadership skills, apply for colleges and complete a required capstone project. Additionally, they receive a year of follow-up services to help them transition to college or careers. The program is funded by donations from corporations and foundations. In recent years, the program was expanded to include middle school students enrolled in PACE, an after-school program focused on career exploration. The middle school program is funded by the Community Enhancement Fund and the Nashville After Zone Alliance.

Financial Literacy educates and assists participants in obtaining the financial skills needed to build a good credit history, savings and/or emergency funds, creating the foundation for sustainable wealth and eventual homeownership. Those served include high school students and, beginning in fiscal 2015, the program expanded to include middle school students.

PENCIL Partners encourages business or other community organizations to “partner with” a specific school and conduct activities that enhance learning opportunities for the students. In addition, this program sponsors various other projects throughout the year. This program is primarily funded through corporate and individual donations. The following are related programs offered under PENCIL Partners:

- Career Mentoring pairs adults with three ninth grade students to mentor on careers and personal development. The program is funded by private and corporate contributions.

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reading Partners supports volunteers who work with children in Metropolitan Nashville Public Schools, with the goal of improving children's reading ability and enjoyment. The program focuses on students in elementary and middle schools to support local and state goals for all children to read proficiently by the end of third grade. This program is funded by the United Way, local businesses, and foundations.

Math Partners promotes student achievement in mathematics through trained volunteers. The program provides academic assistance to students in elementary and middle schools whose scores on Tennessee's standardized achievement test fall below the national norm. Funded by local corporations, foundations and the United Way, volunteers instruct students in basic skills and concepts as they provide hands-on-activities that relate to real life math usage.

Saint Thomas Hospital Science Scholars is designed to encourage, among selected high school sophomores, a love of science and a greater awareness of the role of science and math in the medical field through a unique, year-long learning project. It provides instruction from medical experts and exposes students to the career opportunities available in these fields. In fiscal 2014, the program was fully funded by a grant from Saint Thomas Hospital.

Family Resource Centers are a partnership between United Way, Metro Nashville Government, Metro Nashville Public Schools and PENCIL Foundation. PENCIL Foundation provides all management responsibilities for the Antioch, Bordeaux, Glencliff, Madison Middle, Maplewood, and Tusculum Family Resource Centers, which serves as a hub of resources, support and opportunities for students and their families. The goal is to provide an accessible system of coordinated public and private sector services to strengthen families' abilities to support the academic and life success of their children.

PENCIL Box provides basic school supplies to disadvantaged students whose teachers often purchase these materials with their own money. Funded primarily by a grant from Louisiana Pacific, the program is a partnership between the Nashville business community and Metro Nashville Public Schools. Companies are encouraged to donate both new and surplus school supplies, which are distributed through the program. Teachers "shop for free" at the center for items essential to classroom instruction.

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Nashville After Zone Alliance (NAZA) is a network of afterschool providers that operate in different geographic zones. PENCIL is the coordinating agency for the South Central and McGavock Zones. NAZA is a partnership of the Mayor's Office, Metropolitan Nashville Public Schools, and youth-serving organizations. The goal of NAZA is to create a network of quality afterschool programs in geographically designated zones. Students are exposed to enrichment activities within the visual and performance arts such as dance, painting and pottery. Other activities provide academic support, as well as team building and leadership opportunities.

AmeriCorps is a program of the Corporation for National and Community Service (CNCS), an independent federal agency whose mission is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. PENCIL received a grant from CNCS for AmeriCorps Members to work with middle school students participating in PACE (PENCIL Academic & Career Enrichment), an afterschool program for students in grades 5-8 at five middle schools in Metro Nashville Public Schools (MNPS). The grant paid a living allowance to the members for their service.

Collaborative reflects the financial and administrative resources that PENCIL provides for Nashville Public Education Foundation. In fiscal 2014, PENCIL provided these services to Alignment Nashville as well. This collaborative effort is defined by a signed Memorandum of Agreement between the two organizations. Reduced infrastructure expenses and other collaborative opportunities benefit both PENCIL and Nashville Public Education Foundation.

Accrual Basis and Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

The Foundation classifies its net assets and its revenue, expenses, gains and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

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

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets would permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. The Foundation had no permanently restricted net assets at June 30, 2015 or 2014.

Contributions

The Foundation reports gifts of cash and other assets as 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 the purpose of the 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 receivable are recorded at their estimated fair value and reflect discounts for payment terms greater than one year, if applicable. Contributions receivable are considered to be either conditional or unconditional promises to give. A conditional contribution is one which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the promise to give is received.

In the event a donor makes changes to the nature of a restricted gift which affects its classification among the net asset categories, such amounts are reflected as reclassifications in the statement of activities.

Cash and Cash Equivalents

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

Investments

The Foundation has invested in certificates of deposit with a financial institution with maturities ranging from fiscal year 2015 to 2019. These certificates of deposits have an average yield of 3.11% as of June 30, 2015.

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code; and accordingly, no provision for income taxes is included in the accompanying financial statements.

The Foundation accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Foundation include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, the Foundation has determined that such tax positions do not result in an uncertainty requiring recognition.

Use of Estimates in the Preparation of Financial Statements

Judgment and estimation are exercised by management in certain areas of the preparation of financial statements. The most significant area is the collection of receivables. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

Office Equipment

Costs of office equipment are charged to expense. Where appropriate, such costs are reimbursed through program contracts. These amounts are not material to the financial statements of the Foundation.

Donated Services

A substantial number of unpaid volunteers have made contributions of their time to assist the Foundation's Partners, Math Partners, Reading Partners and PENCIL Box programs. The total value of time contributed by these volunteers for the year ended June 30, 2015 and 2014, has been estimated to be approximately \$3,300,000 and \$3,000,000, respectively. These amounts have not been recorded in the accompanying financial statements.

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

Assets and liabilities recorded at fair value on a recurring basis in the statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by ASC 820, *Fair Value Measurements and Disclosures*, are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The Foundation's financial instruments consist of cash equivalents, investments, receivables, accounts payable and accrued liabilities. The recorded values of cash equivalents, receivables, accounts payable and accrued liabilities approximate their fair values based on their short-term nature. Investments consist of certificates of deposit and are recorded at fair value using Level 1 inputs.

B. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due within one year and totaled \$-0- and \$36,500 at June 30, 2015 and 2014, respectively. No allowance for uncollectible contributions receivable was considered necessary at June 30, 2015 or 2014.

C. CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable are due within one year and no allowance for uncollectible amounts was considered necessary at June 30, 2015 and 2014.

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

D. INDIRECT COST ALLOCATION

The Foundation's policy is to record contributions to individual programs based on the designation of the contributor and to maintain individual expense accounts for each program. General overhead expenses are allocated from PENCIL to the various programs based on the estimated time and expenses expended for each individual program and other appropriate allocation methods.

E. LEASES

The Foundation leases office space and certain office equipment under non-cancelable operating leases which expire at various dates through December 2018. Lease expense for all operating leases was \$71,953 and \$72,328 for the years ended June 30, 2015 and 2014, respectively.

Year Ending June 30,

2016	\$ 73,667
2017	75,512
2018	44,258
2019	10,990
2020	<u>7,463</u>
	<u>\$211,890</u>

F. RETIREMENT PLAN

The Foundation established a retirement plan in September 2001 for essentially all employees pursuant to Internal Revenue Code Section 401(k). The amount of matching contributions by the Foundation is based upon the amounts contributed by plan participants. Contributions by the Foundation to the plan for the years ended June 30, 2015 and 2014, were \$24,713 and \$29,295, respectively.

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

G. COMMITMENTS AND CONTINGENCIES

The Foundation has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes any required reimbursements would not be material to the financial statements of the Foundation.

The Foundation is subject to various claims and legal actions, which arise in the ordinary course of business. In the opinion of management, in consultation with legal counsel, the ultimate resolution of such matters will not have a material adverse effect on the Foundation's financial position or results of operations.

H. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents held by the Foundation. Cash and cash equivalents at June 30, 2015, includes demand deposits and a money market fund held at financial institutions. The deposits and the money market fund carry credit risk to the extent they exceed federally insured limits from time to time. Credit risk also extends to receivables, all of which are uncollateralized.

I. NET ASSETS AND NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Temporarily restricted net assets totaling \$23,000 and \$80,000 at June 30, 2015 and 2014, were available for the various programs.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

Purpose restrictions accomplished consisted of the following for the years ending June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Job for Tennessee Graduates	\$ 258,600	\$ 450,169
Financial Literacy/Homebuyer's Education	39,400	64,191
PENCIL Partners	90,810	160,483
Reading Partners	103,350	108,750
Math Partners	57,350	60,385
Saint Thomas Science Scholars	-	5,000
Family Resource Centers	327,978	345,540
PENCIL Box	465,463	526,161
AmeriCorps	71,591	89,020
NAZA	<u>579,467</u>	<u>407,781</u>
Total restrictions released	<u>\$1,994,009</u>	<u>\$2,217,480</u>

PENCIL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

J. RELATED PARTIES

The Foundation has certain members of its board of directors who have financial interests in entities which engage in business transactions with the Foundation. These entities include financial institutions and a company from which the Foundation leases office space.

K. FUND RAISING COSTS

For fiscal years ended June 30, 2015 and 2014, expenses totaling \$108,401 and \$78,814, respectively, were associated with fundraising and are classified in the statements of activities in the program's activities expenses.

L. SUBSEQUENT EVENTS

Management evaluated subsequent events through September 18, 2015, the date the financial statements were available to be issued, and has determined there are no subsequent events requiring disclosure.

OTHER INFORMATION

PENCIL FOUNDATION
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015

	<u>JTG</u>	<u>Financial Literacy</u>	<u>PENCIL Partners</u>	<u>Reading Partners</u>	<u>Math Partners</u>
Support and Revenue:					
Contributions and grants	\$ 243,600	\$ 39,400	\$ 113,810	\$103,350	\$ 57,350
In-kind contributions	-	-	-	-	-
Special events income, net	-	-	116,812	-	-
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>243,600</u>	<u>39,400</u>	<u>230,622</u>	<u>103,350</u>	<u>57,350</u>
Expenses:					
Salaries and wages	182,045	28,950	215,945	76,620	41,756
Payroll taxes	13,485	2,100	15,410	5,450	2,939
Medical insurance	16,009	2,621	19,828	7,846	5,776
401(k) contribution	2,070	927	4,736	1,914	1,506
Lease expense	14,954	4,500	14,996	4,800	4,800
Insurance	3,482	338	2,150	947	722
Repairs and maintenance	1,121	334	1,082	385	366
Telephone	3,546	268	2,426	410	255
Postage	320	60	281	90	57
Purchased equipment	-	-	-	-	-
Office supplies	1,347	159	1,009	337	246
Travel	7,518	151	5,670	179	145
Donated supplies	-	-	-	-	-
Program activities	9,359	42	18,376	83	355
Professional development	1,399	428	4,253	828	771
Publications and promotions	1,157	250	1,315	458	392
Professional services	6,065	1,081	21,317	1,877	1,329
Copier expense	2,915	156	2,059	429	248
Internet	3,332	389	4,707	642	445
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>270,124</u>	<u>42,754</u>	<u>335,560</u>	<u>103,295</u>	<u>62,108</u>
Net (decrease) increase in net assets	<u><u>\$ (26,524)</u></u>	<u><u>\$ (3,354)</u></u>	<u><u>\$ (104,938)</u></u>	<u><u>\$ 55</u></u>	<u><u>\$ (4,758)</u></u>

Net Assets at July 1, 2014

Net Assets at June 30, 2015

Family Resource Centers	PENCIL Box	NAZA	NAZA McGavock	AmeriCorps	Collaborative	PENCIL	Total
\$ 327,978	\$ 84,419	\$ 362,000	\$ 217,467	\$ 71,591	\$ 47,896	\$ 14,364	\$ 1,683,225
-	316,044	-	-	-	-	-	316,044
-	-	-	-	-	-	-	116,812
-	-	-	-	-	-	11,287	11,287
<u>327,978</u>	<u>400,463</u>	<u>362,000</u>	<u>217,467</u>	<u>71,591</u>	<u>47,896</u>	<u>25,651</u>	<u>2,127,368</u>
295,501	98,203	85,883	64,984	64,842	39,089	3,849	1,197,667
21,220	7,184	6,228	4,902	5,099	2,897	-	86,914
25,687	9,008	7,085	6,765	3,750	4,070	23,826	132,271
5,591	1,398	3,443	1,269	-	1,859	-	24,713
5,004	5,604	2,580	2,580	-	-	-	59,818
3,955	1,019	1,510	1,315	-	-	-	15,438
493	411	334	180	-	-	-	4,706
3,620	870	910	780	810	125	358	14,378
450	132	138	94	-	139	23	1,784
-	-	-	-	-	-	-	-
3,023	3,781	362	378	-	47	30	10,719
1,912	1,825	1,782	2,178	-	-	-	21,360
-	316,044	-	-	-	-	-	316,044
24,322	10,114	250,692	128,270	-	-	1,934	443,547
2,021	1,421	299	215	745	-	-	12,380
1,525	833	330	231	-	-	-	6,491
9,222	3,375	3,034	2,115	-	-	788	50,203
1,719	541	1,368	527	-	-	389	10,351
3,515	3,052	1,054	707	-	-	122	17,965
-	-	-	-	-	-	2,648	2,648
<u>408,780</u>	<u>464,815</u>	<u>367,032</u>	<u>217,490</u>	<u>75,246</u>	<u>48,226</u>	<u>33,967</u>	<u>2,429,397</u>
<u>\$(80,802)</u>	<u>\$(64,352)</u>	<u>\$(5,032)</u>	<u>\$(23)</u>	<u>\$(3,655)</u>	<u>\$(330)</u>	<u>\$(8,316)</u>	<u>(302,029)</u>
							<u>1,041,103</u>
							<u>\$ 739,074</u>

See accompanying independent auditor's report.

PENCIL FOUNDATION
SCHEDULE OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014

	<u>JTG</u>	<u>Financial Literacy</u>	<u>PENCIL Partners</u>	<u>Reading Partners</u>	<u>Math Partners</u>
Support and Revenue:					
Contributions and grants	\$ 408,769	\$64,191	\$160,483	\$ 92,750	\$ 60,385
In-kind contributions	-	-	-	-	-
Special events income, net	-	-	119,861	9,000	-
Interest income	-	-	-	-	-
Total support and revenue	<u>408,769</u>	<u>64,191</u>	<u>280,344</u>	<u>101,750</u>	<u>60,385</u>
Expenses:					
Salaries and wages	318,368	44,854	173,672	102,021	34,248
Payroll taxes	23,809	3,414	12,659	7,180	2,379
Medical insurance	36,571	2,727	15,758	9,198	5,729
401(k) contribution	5,380	1,261	5,000	3,807	2,502
Lease expense	14,165	4,966	12,929	8,967	5,213
Insurance	5,616	-	2,298	1,702	1,702
Repairs and maintenance	1,299	318	1,463	642	476
Telephone	4,963	221	1,467	584	843
Postage	815	41	561	525	328
Purchased equipment	6,414	-	317	338	190
Office supplies	3,543	576	796	769	760
Travel	9,681	35	4,060	262	88
Donated supplies	-	-	-	-	-
Program activities	7,816	4,004	32,355	59	34
Professional development	2,787	-	184	102	49
Publications and promotions	5,128	706	2,518	2,545	1,492
Professional services	11,746	11	8,529	3,696	2,965
Copier expense	4,679	870	1,564	628	649
Internet	7,826	75	4,081	1,796	1,659
Miscellaneous	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total expenses	<u>470,606</u>	<u>64,079</u>	<u>280,212</u>	<u>144,821</u>	<u>61,306</u>
Net (decrease) increase in net assets	<u>\$(61,837)</u>	<u>\$ 112</u>	<u>\$ 132</u>	<u>\$(43,071)</u>	<u>\$(921)</u>

Net Assets at July 1, 2013

Net Assets at June 30, 2014

<u>Saint Thomas Science Scholars</u>	<u>Family Resource Centers</u>	<u>PENCIL Box</u>	<u>NAZA</u>	<u>AmeriCorps</u>	<u>Collaborative</u>	<u>PENCIL</u>	<u>Total</u>
\$5,000	\$345,540	\$ 86,586	\$ 407,781	\$ 89,020	\$77,104	\$ 11,808	\$ 1,809,417
-	-	439,575	-	-	-	-	439,575
-	-	-	-	-	-	-	128,861
-	-	-	-	-	-	6,125	6,125
<u>5,000</u>	<u>345,540</u>	<u>526,161</u>	<u>407,781</u>	<u>89,020</u>	<u>77,104</u>	<u>17,933</u>	<u>2,383,978</u>
4,032	242,737	57,234	104,982	84,618	64,167	(2,257)	1,228,676
311	17,838	4,243	7,342	6,334	4,753	-	90,262
574	29,865	6,431	6,792	5,400	5,834	(88)	124,791
155	4,212	1,834	3,326	-	1,818	-	29,295
-	4,364	2,471	3,458	-	-	-	56,533
-	2,553	1,021	2,198	-	-	-	17,090
-	214	369	235	-	-	-	5,016
-	2,764	973	(9,414)	2,520	-	2,107	7,028
-	373	118	202	-	227	11	3,201
-	192	47	781	-	-	-	8,279
-	2,165	1,625	1,447	-	-	252	11,933
-	1,684	2,576	2,120	-	-	(124)	20,382
-	-	439,575	-	-	-	-	439,575
-	24,124	12,879	276,796	1,887	-	930	360,884
-	150	6	10	745	-	-	4,033
-	2,271	890	1,436	-	-	-	16,986
-	4,174	2,858	3,196	-	-	601	37,776
-	1,173	692	1,550	-	-	769	12,574
-	2,399	3,072	2,061	-	-	124	23,093
-	-	-	-	-	-	1,194	1,195
<u>5,072</u>	<u>343,252</u>	<u>538,914</u>	<u>408,518</u>	<u>101,504</u>	<u>76,799</u>	<u>3,519</u>	<u>2,498,602</u>
<u>\$ (72)</u>	<u>\$ 2,288</u>	<u>\$ (12,753)</u>	<u>\$ (737)</u>	<u>\$ (12,484)</u>	<u>\$ 305</u>	<u>\$ 14,414</u>	<u>\$ (114,624)</u>
							<u>1,155,727</u>
							<u>\$ 1,041,103</u>

See accompanying independent auditor's report.