PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)

Financial Statements and
Independent Auditor's Report

June 30, 2016

CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
1033 South Cedar Crest Boulevard Allentown, PA 18103

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ProJeCt of Easton, Inc.
Easton, PA

We have audited the accompanying financial statements of ProJeCt of Easton, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ProJeCt of Easton, Inc. as of June 30, 2016 and 2015, 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.

Campbell, Rappold & Yurasits LLP

February 28, 2017

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	June 30, 2016				June 30, 2015			
- ASSETS -	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets:								
Cash and Cash Equivalents	$ 264,345	$ 19,278	$ -	$ 283,623	$ 447,243	$ -	$ -	$ 447,243
Accounts Receivable	183,343	-	-	183,343	58,517	-	-	58,517
Contributions Receivable (Note 3)	740	37,500	5,150	43,390	29,986	39,780	10,150	79,916
Prepaid Expenses	10,167	-	-	10,167	14,689	-	-	14,689
Total Current Assets	458,595	56,778	5,150	520,523	550,435	39,780	10,150	600,365
Long-Term Investments (Note 2)	188,089	139,333	1,361,592	1,689,014	90,000	221,516	1,316,592	1,628,108
Property and Equipment, (Note 4)	41,907	1,115,058	-	1,156,965	34,836	1,144,100	-	1,178,936
TOTAL ASSETS	$ 688,591	$ 1,311,169	$ 1,366,742	$ 3,366,502	$ 675,271	$ 1,405,396	$ 1,326,742	$ 3,407,409
- LIABILITIES AND NET ASSETS -								
Current Liabilities:								
Line of Credit (Note 5)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Payable	24,854	-	-	24,854	6,122	-	-	6,122
Payroll and Related Accruals	41,727	-	-	41,727	25,554	-	-	25,554
Total Current Liabilities	66,581	-	-	66,581	31,676	-	-	31,676
Total Liabilities	66,581	-	-	66,581	31,676	-	-	31,676
- NET ASSETS -								
Undesignated	466,014	-	-	466,014	608,759	-	-	608,759
Board Designated-Operating Reserve	114,089	-	-	114,089	-	-	-	-
Invested in Property and Equipment	41,907	1,115,058	-	1,156,965	34,836	1,144,100	-	1,178,936
Temporarily Restricted (Note 7)	-	196,111	-	196,111	-	261,296	-	261,296
Permanently Restricted (Note 7)	-	-	1,366,742	1,366,742	-	-	1,326,742	1,326,742
Total Net Assets	622,010	1,311,169	1,366,742	3,299,921	643,595	1,405,396	1,326,742	3,375,733
TOTAL LIABILITIES AND NET ASSETS	$ 688,591	$ 1,311,169	$ 1,366,742	$ 3,366,502	$ 675,271	$ 1,405,396	$ 1,326,742	$ 3,407,409

See notes to financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	Year Ended June 30, 2016				Year Ended June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Support:								
Contributions	$ 360,059	$ 115,178	$ 40,000	$ 515,237	$ 334,977	$ 196,147	$ 40,000	$ 571,124
Special Events (Net of direct costs totaling $16,071 and $16,062)	43,782	-	-	43,782	44,243	-	-	44,243
Contract Revenue	627,161	47,750	-	674,911	575,921	16,185	-	592,106
In-Kind Contributions	393,024	-	-	393,024	352,596	-	-	352,596
Investment Return	4,345	(8,183)	-	(3,838)	920	36,178	-	37,098
Other Income	1,743	-	-	1,743	-	-	-	-
	1,430,114	154,745	40,000	1,624,859	1,308,657	248,510	40,000	1,597,167
Net Assets Released from Restrictions	248,972	(248,972)	-	-	335,062	(335,062)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,679,086	(94,227)	40,000	1,624,859	1,643,719	(86,552)	40,000	1,597,167
Expenses:								
Program Services	1,462,478	-	-	1,462,478	1,366,944	-	-	1,366,944
Supporting Services:								
Management and General	144,548	-	-	144,548	125,428	-	-	125,428
Fundraising	93,645	-	-	93,645	81,084	-	-	81,084
Total Supporting Services	238,193	-	-	238,193	206,512	-	-	206,512
TOTAL EXPENSES	1,700,671	-	-	1,700,671	1,573,456	-	-	1,573,456
Change in Net Assets	(21,585)	(94,227)	40,000	(75,812)	70,263	(86,552)	40,000	23,711
Net Assets, Beginning of Year	643,595	1,405,396	1,326,742	3,375,733	573,332	1,491,948	1,286,742	3,352,022
NET ASSETS, END OF YEAR	$ 622,010	$ 1,311,169	$ 1,366,742	$ 3,299,921	$ 643,595	$ 1,405,396	$ 1,326,742	$ 3,375,733

See notes to financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2016 and 2015

	Year Ended June 30, 2016				Year Ended June 30, 2015			
		Supporting Services				Supporting Services		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel Related Expenses	$ 773,151	$ 98,310	$ 82,101	$ 953,562	$ 735,678	$ 93,864	$ 61,538	$ 891,080
Professional Fee Related Expenses	71,762	26,326	828	98,916	52,526	10,634	1,967	65,127
Operating Expenses	53,648	13,713	10,030	77,391	55,714	13,554	13,458	82,726
Program Related Expenses	70,269	110	-	70,379	70,178	155	-	70,333
In-Kind Supplies	392,881	143	-	393,024	342,427	-	3,402	345,829
Volunteer and Donor Expenses	-	300	686	986	485	123	13	621
Facility Expenses	60,354	4,020	-	64,374	70,716	5,498	547	76,761
Total Before Depreciation	1,422,065	142,922	93,645	1,658,632	1,327,724	123,828	80,925	1,532,477
Depreciation	40,413	1,626	-	42,039	39,220	1,600	159	40,979
TOTAL EXPENSES	$ 1,462,478	$ 144,548	$ 93,645	$ 1,700,671	$ 1,366,944	$ 125,428	$ 81,084	$ 1,573,456

See notes to financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	Year Ended June 30, 2016	Year Ended June 30, 2015
Cash Flows from Operating Activities:		
Change in Net Assets	$ (75,812)	$ 23,711
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	42,039	40,979
Unrealized Loss/(Gain) on Investments	67,874	49,611
Realized Loss/(Gain) on Sale of Investments	(2,369)	(24,163)
Contributions Restricted for Endowment	(40,000)	(40,000)
Decrease/(Increase) in Accounts Receivable	(124,826)	(24,416)
Decrease/(Increase) in Contributions Receivable for Operating Purposes	31,526	(38,861)
Decrease/(Increase) in Prepaid Expenses	4,522	3,065
Increase/(Decrease) in Accounts Payable and Other Liabilities	34,905	(8,110)
Net Cash Used by Operating Activities	(62,141)	(18,184)
Cash Flows from Investing Activities:		
Capital Purchases	(20,068)	(12,639)
Proceeds from Sale of Investments	224,972	286,004
Purchase of Investments	(351,383)	(338,450)
Net Cash Used by Investing Activities	(146,479)	(65,085)
Cash Flows from Financing Activities:		
Cash Received Restricted for Endowment	45,000	50,000
Net Cash Provided by Financing Activities	45,000	50,000
Net Decrease in Cash and Cash Equivalents	(163,620)	(33,269)
Cash and Cash Equivalents, Beginning of Year	447,243	480,512
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 283,623	$ 447,243
Supplemental Data:		
Noncash Contributions	$ 415,103	$ 365,192

See notes to financial statements.

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

ProJeCt of Easton, Inc. (ProJeCt) is a community benefit human service agency founded in 1968. The mission is to build a better community by helping people to help themselves. The agency improves the community and helps economically and educationally disadvantaged adults and children by assisting them with their emergency needs and developing their potential to achieve self sufficiency through an integrated system of evidence-based social support and education programs. ProJeCt provides assistance to more than 5,000 people a year, serving Easton and surrounding communities. The Organization is supported by donor contributions, government contracts, foundations and the United Way.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported 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 Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization 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, or if they are designated as support for future periods. 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Management reviews contribution receivable balances for collectibility based on aging of the pledges. An allowance of $4,000 was deemed adequate by management for 2016 and 2015.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents. Money market funds held in investment accounts are excluded.

Accounts Receivable

Accounts receivable represents amounts due from various sources including government agencies. Management has determined that the receivables are fully collectible; therefore, no allowance for uncollectibles is considered necessary.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes property and equipment with an original cost over $500. Property and equipment is stated at cost or at estimated fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated lives of the assets, as follows:

Equipment	5-15 years
Furniture and Fixtures	5-10 years
Leasehold Improvements	5-15 years
Building Improvements	10-40 years
Building	40 years

Routine repairs and maintenance costs are expensed as incurred.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated services of a specialized skill (i.e., legal) that would be purchased in the absence of this donation are recorded at estimated market rate for the corresponding hours spent. No amounts have been recognized in the accompanying statement of activities for donated services because the criteria for recognition of such volunteer efforts have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns.

Income Taxes

ProJeCt of Easton, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for fiscal year 2016 or 2015.

The Organization files its 990 with the United States Internal Revenue Service. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2013.

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other 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. Expenses that can be identified with a specific program, fundraising, or support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on estimates made for time spent by key personnel between functions, space occupied by function, and other objective bases.

Concentration of Credit Risk

The Organization maintains accounts at various banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, the Organization maintains cash balances which may exceed federally insured limits; it historically has not experienced any credit-related losses.

Concentration of Grants

Approximately 35% of the Organization’s support for the year ended June 30, 2016 came from government grants. Approximately 29% of the support came from government grants in 2015.

Fair Values of Financial Instruments

The fair values of financial instruments have been determined through quoted market prices or present value techniques to approximate the amounts recorded in the statement of financial position.

Advertising Costs

Advertising costs consist primarily of classified advertising for employment purposes. Costs are expensed as incurred and charged to programs and/or management and general based on the nature of the expense. Total advertising expense was $7,072 and $4,904 for the years ended June 30, 2016 and 2015, respectively.

2. Investments

Investments as of June 30, 2016 and 2015 are summarized as follows:

	June 30, 2016		June 30, 2015	
	Cost	Market	Cost	Market
Money Market Funds	$ 76,999	$ 76,999	$ 3,439	$ 3,439
Mutual Funds	1,514,066	1,612,015	1,425,750	1,624,669
	$ 1,591,065	$ 1,689,014	$ 1,429,189	$ 1,628,108

2. Investments (Continued)

The following schedule summarized the investment return and its classification in the statements of activities for the year ended June 30, 2016 and 2015.

	June 30, 2016	June 30, 2015
Interest and Dividends	$ 66,946	$ 70,600
Realized Gains	2,251	23,364
Unrealized Losses	(67,874)	(49,611)
Fees	(5,417)	(8,205)
Investment Return - Long Term Investments	$ (4,094)	$ 36,148
Interest Income from Operations	138	151
Realized Gain on Donated Stocks Sold	118	799
Investment Return Reported on Statement of Activities	$ (3,838)	$ 37,098

3. Contributions Receivable

Contributions receivable as of June 30, 2016 and 2015 are as follows:

	June 30, 2016	June 30, 2015
Due in less than one year	$ 47,390	$ 83,916
Due in one to five years	-	-
Total Contributions Receivable	47,390	83,916
Less: Allowance for uncollectibles	4,000	4,000
Net Contributions Receivable	$ 43,390	$ 79,916

4. Property and Equipment

Property and equipment as of June 30, 2016 and 2015 consist of the following:

	June 30,			
	2016		2015	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Land	$ -	$ 237,300	$ -	$ 237,300
Building	-	1,152,644	-	1,152,644
Leasehold Improvements	54,194	-	54,194	-
Furniture, Fixtures and Equipment	104,215	-	93,122	-
Equipment Deposit	8,974	-	-	-
	167,383	1,389,944	147,316	1,389,944
Less: Accumulated Depreciation	125,476	274,886	112,480	245,844
	$ 41,907	$ 1,115,058	$ 34,836	$ 1,144,100

Depreciation charged to expense was $42,039 and $40,979 for the years ended June 30, 2016 and 2015, respectively. See Note 10 regarding the temporarily restricted portion of Property and Equipment.

5. Line of Credit

The Organization has an unsecured bank line of credit available up to a maximum credit limit of $150,000, due on demand, which expires December 31, 2017. As of June 30, 2016 and 2015 there was no outstanding balance.

6. Leases

The Organization leases property at 320 Ferry Street, Easton, PA from St. John's Lutheran church for general operating purposes. The lease term was renewed for 1 year and extends through June 30, 2017 and requires payments of $965 per month. Rent expense for this lease was $11,580 and $10,200 for the years ended June 30, 2016 and 2015, respectively. The Organization also leases office equipment under long-term operating lease agreements. Operating lease expense was $12,738 and $11,518 for the years ended June 30, 2016 and 2015, respectively.

Minimum lease payments under these leases are as follows:

Year ending June 30,	
2017	$ 26,751
2018	15,744
2019	15,744
2020	15,618
2021	15,240
	$ 89,097

7. Restricted Net Assets

For the years ended June 30, 2016 and 2015, temporarily restricted net asset activity consisted of the following:

	Balance July 1, 2015	Revenue	Released from Restrictions	Balance June 30, 2016
Easton Middle School Success Program	$ 15,000	$ 27,500	$ (15,000)	$ 27,500
Sizzle	11,829	81,250	(83,079)	10,000
Pre K Early Childhood Education	-	54,178	(34,900)	19,278
FEMA	12,951	-	(12,951)	-
Ferry Street Building	1,144,100	-	(29,042)	1,115,058
Realized/Unrealized Gain and Unspent Income from Endowment	221,516	(8,183)	(74,000)	139,333
	$ 1,405,396	$ 154,745	$ (248,972)	$ 1,311,169

	Balance July 1, 2014	Revenue	Released from Restrictions	Balance June 30, 2015
Building Campaign	$ 20,612	$ 30	$ (20,642)	$ -
Easton Middle School Success Program	15,000	60,827	(60,827)	15,000
Sizzle	18,842	68,346	(75,359)	11,829
Pre K Early Childhood Education	8,983	66,974	(75,957)	-
FEMA	-	16,185	(3,234)	12,951
Ferry Street Building	1,173,143	-	(29,043)	1,144,100
Realized/Unrealized Gain and Unspent Income from Endowment	255,368	36,148	(70,000)	221,516
	$ 1,491,948	$ 248,510	$ (335,062)	$ 1,405,396

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support the programs of the Organization. Permanently restricted net assets totaled $1,366,742 at June 30, 2016 and $1,326,742 at June 30, 2015.

8. Endowment Fund

The Organization's endowment consists of one fund established for the purpose of supporting programs, services, and building operations of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization follows Commonwealth of Pennsylvania law and its own governing documents with respect to the management of endowment funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

Endowment Return Objectives, Risk Parameters and Strategies

The goal of the investment and spending policy is for the productivity of the endowment funds to strike a balance between preserving and growing principal on one hand, and supporting a spending policy that sustains the Organization's mission on the other hand. The fund is to be managed in a prudent manner. The investment objectives are to: (a) maximize contributions to the ProJeCt's operating and capital needs, (b) maintain the principal of endowment gifts and endeavor to protect the assets from erosion of purchasing power, and (c) maintain an asset allocation mix of 50-70% equities and 30-50% fixed income and cash and cash equivalents. Direct investment in securities of companies whose products or operating philosophies are contrary to the value of "service to humanity" is to be avoided.

Spending Policy

The Organization follows "Total Return Policy" guidelines as established under Pennsylvania Act 141 and as adopted by the Board of Directors. The Organization's policy will be to distribute annually between two and seven percent (allowable "Total Return Policy" range) of the trailing three fiscal year average of the endowment's total asset value. The Board of Directors, with input from management and the finance committee, will establish annually the percentage to be adopted for distribution.

8. Endowment Fund (Continued)

The composition of net assets and the changes in endowment net assets as of June 30, 2016 and 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2015	$ 221,516	$ 1,326,742	$ 1,548,258
Contributions	-	40,000	40,000
Investment income	59,957	-	59,957
Net (depreciation)/appreciation	(68,140)	-	(68,140)
Amounts released for operations	(74,000)	-	(74,000)
Endowment net assets, June 30, 2016	$ 139,333	$ 1,366,742	$ 1,506,075

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2014	$ 255,368	$ 1,286,742	$ 1,542,110
Contributions	-	40,000	40,000
Investment income	62,395	-	62,395
Net (depreciation)/appreciation	(26,247)	-	(26,247)
Amounts released for operations	(70,000)	-	(70,000)
Endowment net assets, June 30, 2015	$ 221,516	$ 1,326,742	$ 1,548,258

9. Fair Value Measurements

Financial Accounting Standards Board ASC 820-10, 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 FASB ASC 820-10 are described below:

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

9. Fair Value Measurements (Continued)

Level 2 Inputs to the 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, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The asset's 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. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall 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.

Mutual funds – bond funds and equity funds: Valued at the net asset value ('NAV") of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no transfers between Level 1, Level 2, and Level 3 investments in 2016 and 2015. Transfers are recognized at the end of the reporting period.

9. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016 and 2015:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 76,999	$ -	$ -	$ 76,999
Investments - Mutual Funds				
Debt funds	650,107	-	-	650,107
Equity funds	961,908	-	-	961,908
Total Assets at Fair Value	$ 1,689,014	$ -	$ -	$ 1,689,014

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 3,439	$ -	$ -	$ 3,439
Investments - Mutual Funds				
Debt funds	502,053	-	-	502,053
Equity funds	1,122,616	-	-	1,122,616
Total Assets at Fair Value	$ 1,628,108	$ -	$ -	$ 1,628,108

10. Commitments and Contingencies

In September, 2005, the Organization was granted a quitclaim deed from the United States of America, acting through the Secretary of Education, for a property located on Ferry Street in Easton, Pennsylvania. The agreement requires compliance with various conditions for a period of thirty years, ending August 24, 2035. If the Organization fails to adhere to the conditions, the title and interest in the property will revert back to the government of the United States of America. The conditions are as follows: (a) The Organization must use all of the property for the educational programs described in the Organization's program plan of use, unless written consent for program modifications is received, (b) the Organization cannot sell, lease, sublease, rent, mortgage, encumber or transfer or dispose of any interest in the property, (c) the Organization must file a report on its maintenance and use of the property on an annual basis, (d) the Organization must remain a non-profit organization, and (e) the Organization must comply with Title VI of the Civil Rights Act, Title IX of the Education Amendments of 1972 and code section 504 of the Rehabilitation Act of 1973.

11. Retirement Plan

The Organization has a defined benefit plan for all eligible employees under the provisions of Section 403(b) of the Internal Revenue Code. Under the plan, employees can enter into salary reduction agreements with the Organization. Employees may contribute 2% of their salary and the Organization will match 1% of the salary up to $350 per calendar year. The employer contributions under the plan amounted to $2,072 and $1,977 for the years ended June 30, 2016 and 2015, respectively.

12. Subsequent Events

Management has evaluated subsequent events through February 28, 2017, which is the date the financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.