EISNERAMPER
ACCOUNTANTS & ADVISORS

CHILDREN'S LITERACY INITIATIVE

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

CHILDREN'S LITERACY INITIATIVE

Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Children's Literacy Initiative

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Literacy Initiative, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 2016 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the 2016 financial statements referred to on the previous page present fairly, in all material respects, the financial position of Children's Literacy Initiative as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Statements

The financial statements of Children's Literacy Initiative as of June 30, 2015, were audited by other auditors whose report dated October 16, 2015, expressed an unmodified opinion on those statements.

EisnerAmper LLP

Philadelphia, Pennsylvania
September 26, 2016

CHILDREN'S LITERACY INITIATIVE

Statements of Financial Position

	June 30	
ASSETS	**2016**	**2015**
Current assets:		
Cash and cash equivalents	**$ 1,857,332**	$ 3,097,297
Certificates of deposit	**135,025**	-
Investments	**1,696,757**	-
Accounts receivable	**2,622,421**	2,223,036
Grants receivable	**766,190**	455,792
Inventory, net	**724,354**	526,437
Prepaid expenses	**112,740**	84,597
Total current assets	**7,914,819**	6,387,159
Grants receivable, net of current portion	**64,607**	184,342
Property and equipment	**105,738**	184,024
Deferred rent	**4,033**	-
	$ 8,089,197	$ 6,755,525
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	**$ 1,049,683**	$ 1,289,593
Deferred revenue	**22,287**	18,670
Total current liabilities	**1,071,970**	1,308,263
Deferred rent	**-**	12,562
Total liabilities	**1,071,970**	1,320,825
NET ASSETS		
Unrestricted	**4,012,828**	3,630,803
Temporarily restricted	**3,004,399**	1,803,897
Total net assets	**7,017,227**	5,434,700
	$ 8,089,197	$ 6,755,525

See notes to financial statements

CHILDREN'S LITERACY INITIATIVE

Statements of Activities and Changes in Net Assets

	Year Ended June 30					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenues:						
School district contracts	$ 8,389,417	$ -	$ 8,389,417	$ 3,866,655	$ -	$ 3,866,655
Federal grants	653,836	-	653,836	3,072,741	-	3,072,741
Philanthropic grants and contributions	2,672,444	2,748,215	5,420,659	2,023,332	1,551,532	3,574,864
Investment loss	(7,660)	-	(7,660)	-	-	-
In-kind contributions	11,210	18,290	29,500	10,000	-	10,000
Other income	2,946	-	2,946	5,921	-	5,921
Net assets released from restrictions	1,566,003	(1,566,003)	-	2,891,058	(2,891,058)	-
	13,288,196	1,200,502	14,488,698	11,869,707	(1,339,526)	10,530,181
Expenses:						
Program	10,944,435	-	10,944,435	9,293,547	-	9,293,547
General and administrative	1,106,363	-	1,106,363	948,139	-	948,139
Fundraising	855,373	-	855,373	864,337	-	864,337
	12,906,171	-	12,906,171	11,106,023	-	11,106,023
Change in net assets	382,025	1,200,502	1,582,527	763,684	(1,339,526)	(575,842)
Net assets at beginning of year	3,630,803	1,803,897	5,434,700	2,867,119	3,143,423	6,010,542
Net assets at end of year	$ 4,012,828	$ 3,004,399	$ 7,017,227	$ 3,630,803	$ 1,803,897	$ 5,434,700

CHILDREN'S LITERACY INITIATIVE

Statements of Functional Expenses

	Year Ended June 30							
	2016				2015			
	Total Program	General and Administrative	Fundraising	Total	Total Program	General and Administrative	Fundraising	Total
Payroll and payroll taxes	$ 6,168,525	$ 837,113	$ 648,430	$ 7,654,068	$ 3,983,893	$ 682,702	$ 626,521	$ 5,293,116
Employee benefits	835,528	113,387	87,830	1,036,745	414,861	71,093	65,243	551,197
	7,004,053	950,500	736,260	8,690,813	4,398,754	753,795	691,764	5,844,313
Advertising	59,645	8,094	6,270	74,009	72,013	12,340	11,325	95,678
Books	695,647	-	-	695,647	1,129,186	-	-	1,129,186
In-kind services	-	11,210	-	11,210	-	10,000	-	10,000
Insurance	79,917	10,845	8,401	99,163	46,466	7,963	7,307	61,736
Legal and accounting	33,006	4,479	3,470	40,955	43,130	7,391	6,783	57,304
Maintenance	290,963	39,486	30,586	361,035	258,342	44,271	40,628	343,241
Office	89,939	12,205	9,454	111,598	97,168	16,651	15,281	129,100
Professional fees	653,420	15,368	13,608	682,396	537,771	32,954	31,497	602,222
Program consultants	1,455,978	-	-	1,455,978	1,787,469	-	-	1,787,469
Program materials	167,659	-	-	167,659	500,565	-	-	500,565
Public relations	12,210	1,657	1,284	15,151	10,791	1,849	1,697	14,337
Recruiting	23,326	3,166	2,452	28,944	50,758	8,699	7,982	67,439
Rent	164,722	20,590	20,590	205,902	185,182	23,147	23,148	231,477
Travel	125,341	17,010	13,176	155,527	58,003	9,939	9,122	77,064
Utilities	25,518	3,190	3,190	31,898	23,134	2,892	2,892	28,918
	10,881,344	1,097,800	848,741	12,827,885	9,198,732	931,891	849,426	10,980,049
Depreciation	63,091	8,563	6,632	78,286	94,815	16,248	14,911	125,974
	$ 10,944,435	$ 1,106,363	$ 855,373	$ 12,906,171	$ 9,293,547	$ 948,139	$ 864,337	$ 11,106,023

CHILDREN'S LITERACY INITIATIVE

Statements of Cash Flows

	Year Ended June 30	
	2016	**2015**
Cash flows from operating activities:		
Change in net assets	**$ 1,582,527**	$ (575,842)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investments	**(20,616)**	-
Realized losses on investments	**47,960**	-
Depreciation	**78,286**	125,974
(Increase) decrease in assets:		
Accounts receivable	**(399,385)**	(1,972,050)
Grants receivable	**(190,663)**	1,980,413
Inventory	**(197,917)**	(397,769)
Prepaid expenses	**(28,143)**	(2,798)
Deferred rent	**(4,033)**	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**(239,910)**	754,046
Deferred revenue	**3,617**	(16,470)
Deferred rent	**(12,562)**	12,562
Net cash provided by (used in) operating activities	**619,161**	(91,934)
Cash flows from investing activities:		
Proceeds from sales of investments	**75,874**	-
Purchase of investments	**(1,800,000)**	-
Purchase of certificates of deposit	**(135,000)**	-
Net cash used in investing activities	**(1,859,126)**	-
Net decrease in cash and cash equivalents	**(1,239,965)**	(91,934)
Cash and cash equivalents at beginning of year	**3,097,297**	3,189,231
Cash and cash equivalents at end of year	**$ 1,857,332**	$ 3,097,297
Supplemental disclosure of noncash investing activities:		
Disposal of fully depreciated property and equipment	**$ 216,008**	$ -

See notes to financial statements

NOTE A - NATURE OF OPERATIONS

Since 1988, Children's Literacy Initiative (the "Organization") has worked with pre-kindergarten through third grade teachers to transform instruction so that children can become powerful readers, writers, and thinkers. The Organization's focus on improving literacy instruction in the early grades is grounded in research: reading proficiently by the end of third grade is key for future success, and teaching quality has a greater effect on student achievement than any other in-school factor. The Organization provides educators with training and coaching in effective literacy instruction, outfits classrooms with learning materials and children's books, and extends its in-school services through its online professional development portal.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Organization in the preparation of the financial statements.

[1] Basis of presentation:

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

[2] Classification of net assets:

The accompanying financial statements may include the following classes of net assets:

- ***Unrestricted***

  Unrestricted net assets are used to account for funds which have not been restricted by donors and over which the Board of Directors has discretionary control.

- ***Temporarily restricted***

  Temporarily restricted net assets are used to account for funds which have been donor-restricted for specific periods or purposes. When a 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 statements of activities and changes in net assets as net assets released from restrictions. Contributions whose restrictions are met in the same period as the contributions are received are classified as unrestricted net assets. See Note J for temporarily restricted net assets.

- ***Permanently restricted***

  Permanently restricted net assets are used to account for funds received from donors which have been accepted with stipulations that the principal be maintained intact in perpetuity.

As of June 30, 2016 and 2015, the Organization did not have any permanently restricted net assets.

[3] Revenue recognition:

The Organization receives revenue from grants and contributions as well as fee-for-service contracts from federal government and various school districts. Revenue is recognized when costs are incurred. Deferred revenue is recorded when the Organization bills for work not yet performed on fee-for-service contracts.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[4] Government grants and district contracts:

The Organization earns substantial grant and contract revenue from the government and school districts.

[5] Philanthropic grants and contributions:

The Organization receives significant philanthropic grants and contributions from individuals, corporations and foundations including unconditional promises to give, which are recognized as revenue in the period the contribution is received. All contributions are considered available for unrestricted use unless specifically restricted by donor request. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received.

[6] In-kind contributions:

The Organization records the value of contributed goods when there is an objective basis available to measure their value and that value is reflected as revenue in the accompanying statements of activities and changes in net assets at the date of receipt. The Organization received $29,500 and $10,000 of in-kind contributions for the years ended June 30, 2016 and 2015, respectively.

[7] Cash and cash equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. These investments are managed in accordance with the Board-approved investment policy.

[8] Concentration of credit risks:

During the year, the Organization may have deposits with major financial institutions which exceed Federal Deposit Insurance Corporation limits. Management believes that the risk is not significant.

[9] Certificates of deposit:

Certificates of deposit as of June 30, 2016 include two certificates of deposit for $75,016 and $60,009 with maturity dates of August 29, 2016 and November 18, 2016, respectively, and with each bearing an interest rate of 0.50%.

[10] Investments:

All investments in marketable and debt securities are stated at their fair values. Fair values for stocks, bonds and U.S. government securities are based on quoted market prices. Unrealized gains and losses are included in change in net assets in the accompanying statements of activities and changes in net assets. Investments received by gift are recorded at fair value at the date of receipt.

[11] Accounts receivable and allowance for doubtful accounts:

Accounts receivable are uncollateralized school district obligations due under normal trade terms requiring payment within 30 days from invoice date. Grants receivable consist of current and multi-year grants that have not been received.

Accounts receivable are stated at the amount billed to the school district. Account balances from invoices aged over 90 days are considered delinquent.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Accounts receivable and allowance for doubtful accounts (continued):

The carrying amount of grants and accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all grants and accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. As of June 30, 2016, no allowance was considered necessary.

[12] Inventory:

Inventory consists of various books and literacy materials and is stated at the lower of cost (determined by the first-in, first-out method) or market. Management provides an inventory allowance based on its historical experience with obsolescence and transitional items.

[13] Capitalization policy:

Fixed assets purchased are stated at cost less accumulated depreciation. Expenditures for property and equipment in excess of $5,000 are capitalized.

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

Computer equipment and software	3 - 5 years
Office equipment	5 years
Furniture	5 - 7 years
Leasehold improvements	Lessor of 5 - 10 years or life of lease

[14] Advertising:

Advertising costs are expensed as incurred. Total advertising expense for the years ended June 30, 2016 and 2015 was $74,009 and $95,678, respectively.

[15] Program services:

Expenses are allocated to the various programs based on direct charges for those items specifically identified with the respective programs. Other charges are allocated in proportion to direct expenses, based on management's estimates.

[16] 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[17] Federal tax status:

The Internal Revenue Service has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability, if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of general and administrative expenses. There were no income tax related interest and penalties recorded for either of the years ended June 30, 2016 and 2015.

[18] New accounting pronouncements:

In July 2015, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which changes the measurement principle for inventory from the lower of cost or market to the lower of cost or net realizable value. ASU 2015-11 defines net realizable value as estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal and transportation. The new guidance must be applied on a prospective basis and is effective for periods beginning after December 15, 2016. Early adoption is permitted. Management is currently evaluating the effect that this new guidance will have its financial statements and related disclosures.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard requires entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The standard is effective for fiscal years beginning after December 15, 2018. The guidance is required to be applied by the modified retrospective transition approach. Early adoption is permitted. Management is currently assessing the impact of the adoption of the new guidance on its financial statements.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Subtopic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment return, c) expenses, d) liquidity and availability of resources, and e) presentation of operating cash flows. The new standard will be effective for annual reporting periods issued for fiscal years beginning after December 15, 2017, which will be the year beginning July 1, 2018 for the Organization, with early adoption permitted. Management is currently evaluating the impact of the adoption of ASU 2016-14 on its financial statements and disclosures.

[19] Reclassification:

Certain amounts shown in the 2015 financial statements have been reclassified to conform with the current year presentation.

CHILDREN'S LITERACY INITIATIVE

Notes to Financial Statements
June 30, 2016 and 2015

NOTE C - ACCOUNTS RECEIVABLE

The Organization's accounts receivable consist of the following as of June 30, 2016 and 2015:

	2016	2015
School District of Philadelphia	**$ 1,639,893**	$ 1,259,472
Chester Upland School District	**199,985**	74,770
Universal Education Companies	**174,576**	12,523
Drexel University	**126,631**	95,566
Mt. Airy Schools Coalition	**118,670**	-
Passaic Board of Education	**118,135**	54,165
Denver Public Schools	**64,302**	-
Bridgeton Board of Education	**43,401**	-
Newark Public Schools	**33,758**	14,968
Willingboro Public Schools	**32,260**	-
Chicago Public Schools	**26,499**	100,746
City of Woodbury Board of Education	**17,500**	-
Geninum Corporation	**17,193**	-
U.S. Department of Education	**-**	366,979
Camden Board of Education	**-**	195,587
Dr. Lena Edwards Charter School	**-**	39,836
First Philadelphia Charter School	**-**	7,239
Others	**9,618**	1,185
	$ 2,622,421	$ 2,223,036

NOTE D - GRANTS RECEIVABLE

As of June 30, 2016 and 2015, the Organization recorded grants receivable of $830,797 and $640,134, respectively. The grants receivable are considered fully collectible and consist of the following as of June 30, 2016 and 2015:

	2016		
Due Within	**Gross Grants Receivable**	*** Discount**	**Net Grants Receivable**
Within 1 year	**$ 766,190**	**$ -**	**$ 766,190**
1 to 5 years	**66,000**	**1,393**	**64,607**
	$ 832,190	**$ 1,393**	**$ 830,797**

	2015		
Due Within	**Gross Grants Receivable**	*** Discount**	**Net Grants Receivable**
Within 1 year	$ 455,792	$ -	$ 455,792
1 to 5 years	188,104	3,762	184,342
	$ 643,896	$ 3,762	$ 640,134

* The gross grants receivable that are due in future periods are discounted to present value using an interest rate of 0.71% and 2% as of June 30, 2016 and 2015, respectively.

NOTE E - INVENTORY

Inventory consists of the following as of June 30, 2016 and 2015:

	2016	2015
Books	**$ 726,777**	$ 512,319
Materials	**-**	16,569
	726,777	528,888
Less inventory allowance	**2,423**	2,451
	$ 724,354	$ 526,437

NOTE F - PROPERTY AND EQUIPMENT

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

	2016	2015
Computer equipment and software	**$ 323,931**	$ 475,315
Office equipment	**74,248**	102,701
Furniture	**71,661**	81,741
Leasehold improvements	**415,698**	441,789
	885,538	1,101,546
Less accumulated depreciation	**779,800**	917,522
	$ 105,738	$ 184,024

Depreciation was $78,286 and $125,974 for the years ended June 30, 2016 and 2015, respectively.

NOTE G - INVESTMENTS

Investments consist of the following as of June 30, 2016:

	Costs	Market Value	Unrealized Gain
Equity	$ 415,836	$ 432,372	$ 16,536
Mutual funds	563,474	567,554	4,080
Bonds	696,830	696,830	-
	$ 1,676,140	$ 1,696,756	$ 20,616

There were no investments held as of June 30, 2015.

Investment income, included in investment and other income and realized and unrealized losses on investments, net, is comprised of the following for the year ended June 30, 2016:

Interest and dividends	$ 19,684
Realized losses	(47,960)
Unrealized gains	20,616
	$ (7,660)

There was no investment income for the year ended June 30, 2015.

NOTE H - FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches, including market, income and/or cost approaches. The Organization uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and 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 are described below:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

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

The following is a description of the valuation methodologies used for assets measured at fair value, which have not changed from those used as of June 30, 2015.

Equity and mutual funds − Valued at the closing price reported on the active market on which the individual securities are traded.

Bonds – Valued at the present value of future cash flows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management 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.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets and liabilities.

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

	Investment Assets at Fair Value as of June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Equity	**$ 432,372**	**$ -**	**$ -**	**$ 432,372**
Mutual Funds	**567,554**	**-**	**-**	**567,554**
Bonds	**-**	**696,830**	**-**	**696,830**
Total investment assets at fair value	**$ 999,926**	**$ 696,830**	**$ -**	**$ 1,696,756**

NOTE I - LINE-OF-CREDIT

As of June 30, 2016, the Organization has a revolving line-of-credit arrangement with PNC Bank in the amount of $1,800,000, bearing interest at 2.75% plus Daily LIBOR rate (Daily LIBOR was 0.40% as of June 30, 2016). The line-of-credit agreement is collateralized by the Organization's personal property. The agreement expires on February 23, 2017. There was no balance outstanding under the line-of-credit agreement as of June 30, 2016 2015. No interest was assessed under the line-of-credit agreement for either of the years ended June 30, 2016 or 2015.

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2016 and 2015, temporarily restricted net assets are comprised of the following:

	2016	2015
Legacy Program Services	**$ 2,302,670**	$ 1,664,406
i3 Scale-Up Contribution Match	**701,729**	139,491
	$ 3,004,399	$ 1,803,897

NOTE K - OPERATING LEASES

The Organization conducts its operations from facilities that are leased under operating leases expiring through 2019. The Organization also has office equipment leases expiring through 2020. As of June 30, 2016, the Organization was obligated under these lease arrangements as follows:

Year Ending June 30	Total	Offices	Equipment
2017	$ 292,858	$ 247,912	$ 44,946
2018	225,260	180,314	44,946
2019	86,071	49,138	36,933
2020	71,704	50,337	21,367
	$ 675,893	$ 527,701	$ 148,192

Total office lease expense reported under these leases amounted to $205,902 and $231,477 for the years ended June 30, 2016 and 2015, respectively. The Organization maintains offices in Philadelphia, Pennsylvania, Chicago, Illinois, and Denver, Colorado. Total equipment lease expense reported under these leases amounted to $46,726 and $52,098 for the years ended June 30, 2016 and 2015, respectively, and is included in maintenance expense on the statements of functional expenses.

NOTE L - RETIREMENT PLAN

The Organization has a defined-contribution plan where the Organization has the option to make a discretionary nonelective contribution based on the relationship of an employee's 'annual salary to the total compensation of all participants. There are no age or service requirements. All full-time employees and part-time employees with over 1,000 hours worked are eligible to make elective deferrals through payroll deductions up to the Internal Revenue Service limits. The Organization's contribution was $210,705 and $129,439 for the years ended June 30, 2016 and 2015, respectively. Contributions are 100% vested in the defined-contribution plan.

NOTE M - FEDERAL GRANT – INVESTMENT IN INNOVATION (i3)

In August 2010, the Organization was awarded a $21,726,293 five-year grant from the U.S. Department of Education. The grant is being used to perform a five-year validation study of the Organization's Model Classroom Program in Philadelphia, Pennsylvania, Camden, New Jersey, Newark, New Jersey and Chicago, Illinois. For the year ended June 30, 2016, the Organization has recorded $627,187 (for a cumulative total of $21,706,084) of revenue under this U.S. Department of Education grant. The amount excludes initial grant match contributions totaling $4,346,220 for the year ended June 30, 2015.

In January 2016, the Organization was awarded a $19,446,538 five-year grant from the U.S. Department of Education. The grant is being used to implement the Organization's early literacy professional development program in Elizabeth, New Jersey, Houston, Texas, Denver, Colorado, and Broward County, Florida. For the year ended June 30, 2016, the Organization has recorded $26,649 of revenue under this U.S. Department of Education grant. The amount excludes initial grant match contributions totaling $1,113,522 for the year ended June 30, 2016.

NOTE N - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 26, 2016, which is the date the financial statements were available to be issued.