STEPPINGSTONE FOUNDATION, INC.

FINANCIAL STATEMENTS
JUNE 30, 2017

The Steppingstone Mission Statement:

Founded in 1990, Steppingstone Foundation, Inc., is a non-profit organization that develops and implements programs, which prepare underserved schoolchildren for educational opportunities that lead to college success. Based on the premise that, regardless of circumstance, most children can achieve at high levels if they are prepared in a focused, demanding academic environment; all Steppingstone programs emphasize rigorous standards and achieve meaningful results.

STEPPINGSTONE FOUNDATION, INC.

Contents
June 30, 2017

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Independent Auditor's Report

To the Board of Directors of
Steppingstone Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Steppingstone Foundation, Inc. (a Massachusetts corporation, not for profit), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Steppingstone Foundation, Inc. as of June 30, 2017, 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.

Alexander, Aronson, Finning & Co., P.C.

Boston, Massachusetts
October 18, 2017

STEPPINGSTONE FOUNDATION, INC.

Statement of Financial Position
June 30, 2017

Assets	**Unrestricted**	**Temporarily Restricted**	**Total**
Current Assets:			
Cash and cash equivalents	$ 444,439	$ 545,108	$ 989,547
Current portion of accounts and pledges receivable	485,242	624,185	1,109,427
Prepaid expenses	104,229	-	104,229
Total current assets	1,033,910	1,169,293	2,203,203
Pledges Receivable, net of current portion and discount	-	586,254	586,254
Property and Equipment, net	99,050	-	99,050
Deposits	109,503	-	109,503
Total assets	$ 1,242,463	$ 1,755,547	$ 2,998,010
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable, accrued expenses and other	$ 68,583	$ -	$ 68,583
Deferred revenue	153,544	-	153,544
Total current liabilities	222,127	-	222,127
Deferred Rent	224,264	-	224,264
Total liabilities	446,391	-	446,391
Net Assets:			
Unrestricted:			
Operating	240,288	-	240,288
Board Designated: BJC Fund for Scholars	456,734	-	456,734
Property and equipment	99,050	-	99,050
Total unrestricted	796,072	-	796,072
Temporarily restricted	-	1,755,547	1,755,547
Total net assets	796,072	1,755,547	2,551,619
Total liabilities and net assets	$ 1,242,463	$ 1,755,547	$ 2,998,010

STEPPINGSTONE FOUNDATION, INC.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Operating Revenue and Support:			
Fundraising events	$ 743,244	$ 558,293	$ 1,301,537
Less - cost of direct benefit to donors	(89,214)	-	(89,214)
Net fundraising event revenue	654,030	558,293	1,212,323
Contributions and grants	3,114,641	423,872	3,538,513
Conference	306,166	-	306,166
Membership income	116,242	-	116,242
Other income	43,391	-	43,391
In-kind revenue	30,680	-	30,680
Net assets released from restrictions:			
Satisfaction of purpose restrictions	638,566	(638,566)	-
Satisfaction of time restrictions - fundraising events	566,440	(566,440)	-
Satisfaction of time restrictions - other	464,501	(464,501)	-
Total operating revenue and support	5,934,657	(687,342)	5,247,315
Operating Expenses:			
Program services:			
The Steppingstone Academy	2,203,263	-	2,203,263
College Success Academy	1,003,352	-	1,003,352
National Partnership for Educational Access	489,103	-	489,103
Replication	18,709	-	18,709
Total program services	3,714,427	-	3,714,427
Supporting services:			
General and administrative	460,974	-	460,974
Development	777,291	-	777,291
Total supporting services	1,238,265	-	1,238,265
Total operating expenses	4,952,692	-	4,952,692
Changes in net assets from operations	981,965	(687,342)	294,623
Other Expenses:			
Cancelled pledges	-	(721,000)	(721,000)
Changes in net assets	981,965	(1,408,342)	(426,377)
Net Assets:			
Beginning of year	(185,893)	3,163,889	2,977,996
End of year	$ 796,072	$ 1,755,547	$ 2,551,619

STEPPINGSTONE FOUNDATION, INC.

Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows from Operating Activities:	
Changes in net assets	$ (426,377)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	20,761
Interest - amortization of debt issuance costs	8,029
Cancelled pledges	721,000
Bad debt	5,115
Changes in operating assets and liabilities:	
Accounts and pledges receivable	217,917
Prepaid expenses	(28,029)
Deposits	(8,698)
Accounts payable, accrued expenses and other	(35,390)
Deferred revenue	54,983
Deferred rent	26,473
Net cash provided by operating activities	555,784
Cash Flows from Investing Activities:	
Acquisition of property and equipment	(18,451)
Cash Flows from Financing Activities:	
Payments of debt issuance costs	(8,095)
Net Change in Cash and Cash Equivalents	529,238
Cash and Cash Equivalents:	
Beginning of year	460,309
End of year	$ 989,547
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	$ 13,297

STEPPINGSTONE FOUNDATION, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2017

	Program Services					Supporting Services		
	The Steppingstone Academy	College Success Academy	National Partnership for Educational Access	Replication	Total Program Services	General and Adminis-trative	Development	Total
Payroll and Related:								
Staff and faculty salaries	$ 1,310,638	$ 608,353	$ 213,661	$ 12,935	$ 2,145,587	$ 237,072	$ 413,617	$ 2,796,276
Benefits and taxes	269,579	118,252	39,648	1,899	429,378	52,811	73,189	555,378
Total payroll and related	1,580,217	726,605	253,309	14,834	2,574,965	289,883	486,806	3,351,654
Other:								
Occupancy	284,457	112,914	39,359	1,251	437,981	39,318	60,286	537,585
Professional fees	4,799	9,974	11,409	13	26,195	82,780	79,809	188,784
Conference	-	-	163,501	-	163,501	-	-	163,501
Classroom facility	95,635	32,633	-	-	128,268	-	-	128,268
Meetings and travel	6,738	5,341	1,732	426	14,237	13,959	97,978	126,174
Scholar transportation	60,857	60,816	-	-	121,673	-	-	121,673
Scholar and family services	85,550	28,767	-	-	114,317	-	-	114,317
Office equipment and supplies	26,103	8,210	2,812	84	37,209	3,339	7,229	47,777
Insurance	13,312	5,556	1,481	47	20,396	8,064	2,262	30,722
Information technology	12,565	5,496	7,884	30	25,975	1,263	2,887	30,125
Interest	-	-	-	-	-	21,326	-	21,326
Depreciation	12,238	2,884	741	24	15,887	743	4,131	20,761
Books and classroom materials	10,022	3,043	-	-	13,065	-	-	13,065
Recruitment and admission	8,952	902	-	-	9,854	-	-	9,854
Miscellaneous	1,175	169	6,875	-	8,219	299	793	9,311
Bad debt	-	-	-	-	-	-	5,115	5,115
Community contributions	-	-	-	2,000	2,000	-	-	2,000
Total other	622,403	276,705	235,794	3,875	1,138,777	171,091	260,490	1,570,358
In-Kind	643	42	-	-	685	-	29,995	30,680
Total expenses	$ 2,203,263	$ 1,003,352	$ 489,103	$ 18,709	$ 3,714,427	$ 460,974	$ 777,291	$ 4,952,692

The accompanying notes are an integral part of these statements.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Steppingstone Foundation, Inc. (the Foundation) is a nonprofit organization that was established and incorporated on May 11, 1990. Its primary purpose is to provide educational opportunities that lead to college success for underserved schoolchildren regardless of their race, gender, or ethnic background. The Steppingstone Academy (TSA) in Boston targets motivated, underserved fourth- and fifth-grade students and provides these students with an intensive fourteen-month after-school and summer academic program designed to assist these students in gaining admission to independent and public exam schools in the sixth- and seventh-grades, respectively. After completing the fourteen-month academic component, support services such as mentoring, counseling, and college guidance are provided to ensure that the students graduate from high school and complete college.

The Scholars Program in Philadelphia was initiated in 1998 and was modeled after The Steppingstone Academy. In 2004, the Scholars Program became a separate corporate entity, Steppingstone Scholars, Inc., with the Foundation as the sole member of the corporation. Effective January 1, 2011, the Foundation resigned as sole member, and Steppingstone Scholars, Inc. continued as an affiliate of the Foundation. In 2006, Hartford Youth Scholars Foundation became an affiliate member. Both affiliate members have licensed The Steppingstone Academy, which is based on the Boston Program model. Through its Replication program, the Foundation provides management and program support to both Steppingstone Scholars, Inc. and Hartford Youth Scholars Foundation as outlined in its Affiliate Memorandum of understanding.

In 2007, the Foundation launched the National Partnership for Educational Access (NPEA), a membership association for programs working in collaboration with college preparatory schools to increase educational opportunities for motivated underserved students. NPEA members include education nonprofits, schools, and colleges and universities located throughout the country. NPEA members share best practices, network, receive professional development, and can access educational services for their students as a benefit of participating in NPEA.

In 2010, the Foundation launched the College Success Academy (CSA), a program that admits hardworking fourth graders in Boston public K-8 schools. The program includes academic, socioemotional, and college readiness services during the summer and after-school during the academic year starting the summer before fifth grade and continuing until eighth grade. When Scholars reach ninth grade, support services such as mentoring, counseling, and college guidance are provided to ensure that the students graduate from high school and complete college.

SIGNIFICANT ACCOUNTING POLICIES

The Foundation prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC).

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and Reporting of Net Assets

The Foundation has the following net asset classes:

- **Unrestricted net assets** represent the portion of net assets of the Foundation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Foundation has grouped its unrestricted net assets into the following categories:

  Operating represents funds available to carry on the operations of the Foundation.

  Board designated: Brian J. Conway Fund (BJC Fund) for Scholars represents funds set aside by the Board of Directors to be used for working capital with Board approval.

  Property and equipment reflect and account for the activities relating to the Foundation's property and equipment.

- **Temporarily restricted net assets** represent contributions and grants received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for unrestricted use in future years (time restricted).

  Temporarily restricted net assets are restricted for the following at June 30, 2017:

Time - other*	$ 754,589
Time - 2017 Annual Fundraising Gala (for fiscal year 2018)	558,293
College Success Academy - East Boston	125,974
The Steppingstone Academy	111,801
Visual Thinking Strategies	68,547
Scholarship Fund	50,000
National Partnership for Educational Access	37,913
College Success Academy	24,939
SIF College Coaching Match Funds	23,225
Uniforms/Dresses	266
	$ 1,755,547

* $399,252 of the above time - other amount is restricted for future time periods and was donated by the sponsor of the Berylson Academy @ Steppingstone program.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include checking and money market accounts.

Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable consist of unrestricted contributions and grants intended for the current fiscal year and received after year-end, and temporarily restricted contributions expected to be received in future periods. An allowance for doubtful accounts is provided based upon management's judgment of potential defaults, if any. Management determines the allowance by identifying doubtful accounts and by using historical experience applied to an aging of pledges. If a pledge is deemed uncollectible, it is written off. Recoveries of pledges previously written off are recorded as contributions when received. No allowance for doubtful pledges was recorded at June 30, 2017.

Investments

The investments in limited partnerships are carried at estimated fair value. The investments in limited partnerships are non-marketable investments that are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the value of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities and changes in net assets. Management has reviewed the risk associated with the investments and has determined it is material to the Foundation's financial statements as of June 30, 2017, and has recorded the investment as fully impaired with a zero value (see Note 4).

Investment income from the unrestricted investments is reported as unrestricted other income.

Fair Value Measurements

The Foundation follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Foundation would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Foundation uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Foundation. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities, except investments (see Note 4), are valued using Level 1 inputs.

Property and Equipment

Property and equipment consist of office equipment, furniture and capitalized software and are recorded at cost or fair value at the date of donation. Property and equipment are depreciated over the estimated useful lives of the respective assets (three to ten years) using the straight-line method.

Unamortized Debt Issuance Costs

Debt issuance costs of $8,095 were incurred during fiscal year 2017. These costs are being amortized over the term of the facility line of credit - campaign bridge agreement (see Note 7) using the straight line method, which approximates the effective interest method. Interest expense - amortization of debt issuance costs for fiscal year 2017 was $8,029 (including $5,085 from prior debt issuance costs) and is included in interest expense in the accompanying statement of functional expenses. Accumulated amortization at June 30, 2017, was $2,944. Unamortized debt issuance costs, net, of $5,151 at June 30, 2017, are included in prepaid expenses in the accompanying statement of financial position. Interest expense - amortization of debt issuance costs is expected to be $5,151 in fiscal year 2018, at which time the debt issuance costs will become fully amortized.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue earned from sponsorship or attendance at fundraising events is recognized at the time of the event. Expenses incurred in connection with an event that provides direct benefit to the donors are charged against the revenue earned from the event.

Contributions and grants, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at 0.25%, which is commensurate with the risk involved (0.25%) (see Note 3). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions and grants received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

The Foundation reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either 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.

Gifts of items other than cash or investments represent in-kind contributions, which are recorded as received or, if related to a fundraising event, at the time of the event.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Conference revenue is recognized in the period in which the event takes place. Membership revenue is recognized over each member’s membership year. All other income is recognized as it is earned.

In-Kind Contributions

The Foundation receives in-kind goods and professional services in support of various aspects of its programs. These goods and services are reflected in the accompanying financial statements based upon the estimated value assigned to them by management and the donors. During the year ended June 30, 2017, the Foundation received $31,159 of in-kind contributions (see page 11), including $479 that is included in fundraising events revenue and cost of direct benefit to donors on the accompanying statement of activities and changes in net assets.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions (Continued)

In-kind contributions include the following for the year ended June 30, 2017:

Food and beverage	$ 20,500
Fundraising expenses	9,495
Program materials	685
Gala prizes	479
	$ 31,159

The Foundation receives services of many volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements since it does not meet the recognition criteria in accordance with U.S. GAAP.

Deferred Revenue

Amounts representing the ticket value received in advance of a fundraising event are recorded as deferred revenue until the event is held.

Conference, membership, and other income not yet earned as of June 30, 2017, is included in deferred revenue on the accompanying statement of financial position.

Income Tax Status and Tax Positions

The Foundation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is also exempt from state income taxes. Donors may deduct contributions made to the Foundation within the requirements of the IRC.

The Foundation accounts for uncertainty in income taxes in accordance with ASC Topic, Income Taxes. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Foundation has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2017. The Foundation's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

Subsequent Events

The Foundation has evaluated subsequent events through October 18, 2017, when the financial statements were available to be issued. An event that met the criteria for disclosure in the financial statements is described in Note 10. There were no other events that met the criteria for recognition or disclosure.

Expense Allocation

Expenses related directly to a function are allocated to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

2. CONCENTRATIONS

The Foundation maintains its cash balances in two banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to specified amounts. At certain times during the year, cash balances exceeded the insured amounts. The Foundation has not experienced any losses in these accounts. The Foundation believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The following funders represent concentrations in accounts and pledges receivable or operating revenue and support as of and for the year ended June 30, 2017:

Funder	Accounts and Pledges Receivable	Operating Revenue and Support
A	38%	- %
B	- %	15%

Pledges from Board members represent approximately 49% of the outstanding pledges receivable as of June 30, 2017 (see Note 3).

3. PLEDGES

Unconditional promises to give (pledges) are expected to be collected as follows at June 30, 2017:

Less than one year	$ 1,107,827
One to five years	588,318
	1,696,145
Less - unamortized discount (see Note 1)	2,064
	$ 1,694,081

During fiscal year 2017, the Foundation determined that two prior year pledge commitments totaling $721,000 were not collectible. This reduction in pledges receivable is reflected as cancelled pledges in the accompanying statement of activities and changes in net assets for the year ended June 30, 2017.

4. INVESTMENTS

The Foundation has investments in limited partnerships, which are currently in liquidation status. These assets have been valued using Level 3 inputs under the fair value framework (see page 9). These inputs are based upon internal statements that are received from the investment manager on a quarterly basis. The investments were determined to be fully impaired at December 31, 2012, and are being carried at a zero balance on the accompanying statement of financial position as of June 30, 2017.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2017:

Furniture	$ 193,888
Office equipment	75,958
Capitalized software	46,076
	315,922
Less - accumulated depreciation	216,872
	$ 99,050

Depreciation expense was $20,761 for the year ended June 30, 2017.

6. OPERATING LEASES

In June 2014, the Foundation entered into a lease agreement for new office space, which commenced in December 2014. This lease calls for free rent through April 2015, at which time monthly rent payments commenced. This lease expires in April 2025. There is an option to extend the term of the lease for an additional ten years. In accordance with Accounting *for Leases*, the Foundation records the related rent expense on a straight-line basis over the life of the lease. As of June 30, 2017, the Foundation recorded $224,264 of deferred rent in the accompanying statement of financial position. The Foundation also leases parking spaces from the landlord.

Total rent expense under the lease, including parking and other occupancy costs, was $501,520 for the year ended June 30, 2017, and is included in occupancy in the accompanying statement of functional expenses.

In addition, the Foundation has operating leases for various office equipment with monthly lease payments totaling $2,395, expiring through September 2021. Total rent expense for office equipment under these leases was $30,863 for the year ended June 30, 2017, and is included in office equipment and supplies in the accompanying statement of functional expenses.

Following is a schedule of future minimum lease payments for the years ending June 30:

	Facility	Equipment
2018	$ 452,939	$ 27,634
2019	$ 466,131	$ 26,524
2020	$ 479,323	$ 20,538
2021	$ 492,515	$ 2,580
2022	$ 505,707	$ 645
Thereafter	$ 1,436,592	$ -

7. LINE OF CREDIT AGREEMENT

The Foundation has a campaign bridge facility line of credit agreement with a bank, which allows for borrowings of 33% of the portion of multi-year pledges due within two years, up to $750,000. Borrowings are payable on demand, bear interest at the U.S. prime rate plus one percent (5.25% at June 30, 2017), and are secured by all assets of the Foundation. This agreement expires on January 16, 2018. There was no outstanding balance at June 30, 2017.

In connection with the campaign bridge facility line of credit agreement, the Foundation is required to comply with certain covenants. As of June 30, 2017, the Foundation was in compliance with these covenants.

8. RELATED PARTY TRANSACTION

A member of the Board of Directors is Head of School at a school where the Foundation leases program space. The lease is negotiated annually with the facilities department of the school. The total cost of the lease was $81,864 for the year ended June 30, 2017.

9. RETIREMENT PLANS

In 1999, the Foundation established a defined contribution retirement plan and a tax deferred annuity plan covering substantially all employees. Both plans allow employees to make voluntary contributions subject to IRC limits.

In March 2014, the Foundation established a new defined contribution retirement plan. Management is in the process of terminating the two existing plans and rolling the plans' assets into the new plan. The Foundation's contribution to the defined contribution retirement plan is equal to the employee's contribution with a limit based on length of service for eligible employees. The Foundation's contributions to the defined contribution retirement plan for the year ended June 30, 2017, totaled $82,137, and are included in benefits and taxes in the accompanying statement of functional expenses. The plan allows employees to make supplementary voluntary contributions subject to IRC limits.

10. SUBSEQUENT EVENT

In October 2017, an anonymous foundation awarded the Foundation a $2,500,000 gift. The gift is payable in two equal installments of $1,250,000. The first installment includes funding for strategic and campaign planning ($250,000), which will be recorded as a temporarily restricted contribution in fiscal year 2018, as well as funds to establish a general operating endowment ($1,000,000), which will be recorded as permanently restricted contribution in fiscal year 2018. The second installment ($1,250,000) will also fund the general operating endowment and is contingent upon meeting certain endowment fundraising goals by December 31, 2022. Thus, the second installment will not be recorded until the goals are met.