Financial Statements

For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

and
Report Thereon

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Urban Alliance Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Urban Alliance Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, 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 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 the Foundation as of December 31, 2015, 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.

Continued

Report on Summarized Comparative Information

We have previously audited the Foundation's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Correction of an Error

As discussed in Note 11 to the financial statements, certain errors in revenue recognition resulting in an overstatement of deferred revenue and understatement of grants, contributions and contract revenue, temporarily restricted and total net assets as previously reported were discovered during the 2015 audit. Accordingly, amounts reported for deferred revenue and grants, contributions and contract revenue have been restated in the 2014 financial statements now presented, and an adjustment made to temporarily restricted and total net assets as of December 31, 2013 and 2014, to correct the errors. Our opinion is not modified with respect to this matter.

Raffa P.C.

Raffa, P.C.

Washington, DC
July 19, 2016

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	$ 2,967,657	$ 2,252,615
Investments	1,542,090	1,310,321
Grants, contributions and contracts receivable, net	1,251,796	908,032
Other assets	34,718	41,574
Property and equipment, net	40,073	77,296
TOTAL ASSETS	$ 5,836,334	$ 4,589,838
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 161,011	$ 127,220
Deferred revenue	716,225	747,860
Deferred rent	15,605	16,652
Capital lease obligation	12,045	25,185
TOTAL LIABILITIES	904,886	916,917
Net Assets		
Unrestricted		
Undesignated	1,543,077	1,598,709
Board-designated	1,500,000	1,211,000
Total Unrestricted	3,043,077	2,809,709
Temporarily restricted	1,888,371	863,212
TOTAL NET ASSETS	4,931,448	3,672,921
TOTAL LIABILITIES AND NET ASSETS	$ 5,836,334	$ 4,589,838

The accompanying notes are an integral part of these financial statements.

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
REVENUE AND SUPPORT				
Grants, contributions and contracts	$ 3,093,173	$ 4,309,628	$ 7,402,801	$ 6,283,213
Donated facilities and services	548,881	-	548,881	332,827
Investment and other (loss) income	(16,949)	-	(16,949)	39,206
Net assets released from restrictions:				
Satisfaction of purpose restrictions	3,195,447	(3,195,447)	-	-
Satisfaction of time restrictions	89,022	(89,022)	-	-
TOTAL REVENUE AND SUPPORT	6,909,574	1,025,159	7,934,733	6,655,246
EXPENSES				
Program Services:				
Internship Programs	4,768,754	-	4,768,754	4,072,646
Program Development	638,915	-	638,915	580,571
Youth programs	110,981	-	110,981	287,004
Total Program Services	5,518,650	-	5,518,650	4,940,221
Supporting Services:				
Management and general	539,119	-	539,119	552,547
Development and fundraising	618,437	-	618,437	603,290
Total Supporting Services	1,157,556	-	1,157,556	1,155,837
TOTAL EXPENSES	6,676,206	-	6,676,206	6,096,058
CHANGE IN NET ASSETS	233,368	1,025,159	1,258,527	559,188
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	2,809,709	863,212	3,672,921	3,113,733
NET ASSETS, END OF YEAR	$ 3,043,077	$ 1,888,371	$ 4,931,448	$ 3,672,921

The accompanying notes are an integral part of these financial statements.

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)

	Program Services				Supporting Services				
	Internship Programs	Program Development	Youth Programs	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	2015 Total	2014 Total
Staff salaries	$ 1,582,325	$ 158,245	$ 71,896	$ 1,812,466	$ 178,305	$ 392,244	$ 570,549	$ 2,383,015	$ 2,378,558
Program intern wages	1,780,463	-	8,470	1,788,933	-	-	-	1,788,933	1,572,213
Professional fees	176,985	409,182	4,103	590,270	272,827	60,085	332,912	923,182	694,680
Employee benefits	498,589	35,855	14,361	548,805	44,907	81,460	126,367	675,172	643,270
Occupancy and utilities	203,711	19,783	9,525	233,019	20,003	55,672	75,675	308,694	290,968
Student training	174,713	-	-	174,713	-	-	-	174,713	77,660
Student activities	119,018	-	-	119,018	-	-	-	119,018	116,329
Miscellaneous	47,351	1,465	181	48,997	5,861	5,580	11,441	60,438	80,091
Travel	45,266	2,116	278	47,660	576	1,978	2,554	50,214	55,072
Depreciation and amortization	32,459	4,352	752	37,563	3,670	4,210	7,880	45,443	44,751
Computer supplies and equipment	24,879	2,775	-	27,654	3,707	3,097	6,804	34,458	29,817
Telecommunications	23,734	906	420	25,060	907	2,452	3,359	28,419	36,106
Printing	18,448	1,218	217	19,883	1,030	5,755	6,785	26,668	23,758
Meals and entertainment	13,950	627	194	14,771	730	1,859	2,589	17,360	19,700
Office supplies	9,361	714	296	10,371	5,189	1,724	6,913	17,284	9,518
Insurance	10,797	1,447	250	12,494	1,221	1,400	2,621	15,115	15,118
Dues, fees and subscriptions	6,705	230	38	6,973	186	921	1,107	8,080	8,449
TOTAL EXPENSES	$ 4,768,754	$ 638,915	$ 110,981	$ 5,518,650	$ 539,119	$ 618,437	$ 1,157,556	$ 6,676,206	$ 6,096,058

The accompanying notes are an integral part of these financial statements.

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)
Increase (Decrease) in Cash and Cash Equivalents

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,258,527	$ 559,188
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for doubtful accounts	1,600	3,600
Realized gains on investments	(2,619)	(26,114)
Unrealized losses on investments	45,877	21,124
Depreciation and amortization	45,443	44,751
Changes in assets and liabilities:		
Grants, contributions and accounts receivable	(345,364)	339,876
Other assets	6,856	(5,655)
Accounts payable and accrued expenses	33,791	(49,344)
Deferred revenue	(31,635)	226,967
Deferred rent	(1,047)	3,044
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,011,429	1,117,437
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(625,379)	(859,540)
Sale of investments	350,352	827,195
Purchase of property and equipment	(8,220)	(21,395)
NET CASH USED IN INVESTING ACTIVITIES	(283,247)	(53,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(13,140)	(13,140)
NET CASH USED IN FINANCING ACTIVITIES	(13,140)	(13,140)
NET INCREASE IN CASH AND CASH EQUIVALENTS	715,042	1,050,557
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,252,615	1,202,058
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,967,657	$ 2,252,615

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The Urban Alliance Foundation, Inc. (the Foundation) was incorporated on August 11, 1995, under the laws of the District of Columbia. The Foundation was originally founded and created by a small group of volunteers to provide the tools necessary for youth living in under-resourced Washington, DC neighborhoods to excel. The Foundation has expanded to serve youth in Washington, DC; Baltimore, MD; Chicago, IL, and Northern Virginia (Arlington and Alexandria). The Foundation mobilizes a variety of community resources to provide youth with otherwise unavailable educational and employment opportunities. Its mission is to empower under-resourced youth to aspire, work, and succeed through paid internships, formal training, and mentoring. These activities are funded primarily from grants, contributions and contracts from businesses, corporations, nonprofit organizations and community members.

Cash Equivalents

The Foundation considers money market funds, other than the money market funds held by external investment managers in its investment accounts and considered to be part of the investment portfolio, to be cash equivalents.

Investments

Investments consist of equity and fixed-income mutual funds, certificates of deposit, corporate bonds and money market funds. Investments are reported at fair value in the accompanying financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The change in unrealized appreciation or depreciation of investments is included in investment income in the accompanying statement of activities. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in investment income in the accompanying statement of activities.

Fair Value Measurements

In accordance with the accounting standards for fair value measurements for those assets and liabilities measured at fair value on a recurring basis, the Foundation has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

The applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

> *Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
>
> *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
>
> *Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2015, only the Foundation's investments, as described in Note 2 of these financial statements, were measured at fair value on a recurring basis.

Grants, Contributions and Contracts Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The Foundation uses the allowance method to record potentially uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific receivables.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost. The Foundation capitalizes expenditures for property and equipment that are in excess of $500 and that have useful lives of more than one year. Depreciation on computers, office equipment and licenses is provided for on a straight-line basis over the estimated useful lives of the assets which range from two to five years. The cost of property and equipment retired or disposed of is removed from the accounts, along with the related accumulated depreciation and amortization, and any gain or loss is reflected in revenue and support or expense in the accompanying statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

The net assets of the Foundation are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Foundation's operations or that have been designated by the Board of Directors for particular purposes.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or future periods.

Revenue Recognition

Grants and contributions are reported as revenue in the year in which the payments are received and/or unconditional promises are made. Grants and contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted revenue and support. 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 accompanying statement of activities as net assets released from restrictions. Conditional promises to give are not included as grants and contributions until the conditions are substantially met.

Contract funding is recognized as costs are incurred or deliverables are met on the basis of direct costs plus allowable indirect expenses. Revenue recognized for such work for which payments have not been received is reflected as contracts receivable in the accompanying statement of financial position. Funds received but not yet expended for the purpose specified by the funder are reflected in the accompanying statement of financial position as deferred revenue.

Donated Facilities and Services

In-kind contributions are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt. In-kind contributions consist of contributed professional services and facilities that benefit both program and supporting services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate on the basis of direct costs.

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain 2014 amounts have been reclassified to conform to the current year presentation.

2. Investments

The following table summarizes the Foundation's investments, measured at fair value on a recurring basis, as of December 31, 2015:

	Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	$ 473,850	$ 473,850	$ -	$ -
Fixed-income bond mutual funds	138,588	138,588	-	-
Certificates of deposit	449,132	-	449,132	-
Corporate bonds	100,162	-	100,162	-
Money market funds	380,358	380,358	-	-
Total	$ 1,542,090	$ 992,796	$ 549,294	$ -

The Foundation used the following methods and significant assumptions to estimate fair value:

Equity and fixed-income mutual funds and money market funds – Valued based on quoted prices available in active markets for identical assets.

Corporate bonds – Valued based upon estimates using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Certificates of deposit – Valued at amortized cost which approximates fair value.

Continued

2. Investments (continued)

Investment returns for the year ended December 31, 2015 are summarized as follows:

Unrealized losses	$ (45,877)
Realized gains	2,619
Interest and dividends	25,380
Net Investment Loss	$ (17,878)

3. Grants, Contributions and Contracts Receivable

Grants and contributions receivable include unconditional promises to give from foundations, corporations and individual donors. Contracts receivable include amounts earned for services performed as of December 31, 2015 but not yet reimbursed. Total receivables are due as follows as of December 31, 2015:

Less than one year	$ 1,103,346
One to five years	160,000
Total Grants, Contributions and Contracts Receivable	1,263,346
Less: Allowance for Doubtful Accounts	(11,550)
Grants, Contributions and Contracts Receivable, Net	$ 1,251,796

During 2011, the Foundation received a conditional grant award from Venture Philanthropy Partners, Inc. (VPP). The grant is contingent upon the Foundation securing certain matching funds and reaching specified milestones. The original award was for a term of three years but has been renewed several times. The latest amendment provides for the agreement to continue through January 31, 2016 and provides for a cumulative award since inception of $2,561,618. Subsequent to year-end, at the agreement end date of January 31, 2016, the agreement has been further continued on a month to month basis. For the year ended December 31, 2015, the Foundation satisfied $651,951 of the match and other conditions as approved by the funder. This amount is included in grants, contributions and contract revenue in the accompanying statement of activities.

During 2012, the Foundation received a second conditional grant from VPP in the amount of $2,800,000. The term of the grant is through December 2016. The grant is contingent upon the Foundation's performance in achieving various specific agreed-upon outcomes each year. For the year ended December 31, 2015, the Foundation recognized revenue in the amount of $714,025 after achieving agreed-upon grant milestones as approved by the funder. This amount is included in grants, contributions and contract revenue in the accompanying statement of activities.

As of December 31, 2015, remaining amounts which may be earned by the Foundation under these conditional awards totaled $753,642. As this amount is contingent upon the Foundation meeting certain specific requirements, this amount has not been reflected as a receivable as of December 31, 2015 in the accompanying financial statements.

Continued

4. Property and Equipment

Property and equipment consist of the following at December 31, 2015:

Computer and office equipment	$ 69,617
Equipment under capital leases	60,100
Software	52,561
Property and Equipment	182,278
Less: Accumulated Depreciation and Amortization	(142,205)
Property and Equipment, Net	$ 40,073

Depreciation and amortization expense totaled $45,443 for the year ended December 31, 2015.

5. Net Assets

Board Designated Net Assets

The Board of Directors of the Foundation has established an operating reserve fund to provide for future financial needs and special projects of the Foundation. Such funds, including all allocable investment income on the funds, are reflected as unrestricted-board designated net assets in the accompanying financial statements. No board designated funds were used during the year ended December 31, 2015. Subsequent to year-end, in May 2016, the Finance Committee of the Board of Directors approved an addition to the board designated fund of $264,000, retroactive to December 31, 2015. The balance as of December 31, 2015 of the reserve fund was $1,500,000 after including this retroactive addition.

The Foundation does not consider its board designated fund to be a quasi-endowment fund.

Temporarily Restricted Net Assets

Net assets were released from donor-imposed restrictions by incurring expenses that satisfied the restricted purposes. For the year ended December 31, 2015, net assets released from restrictions were as follows:

Satisfaction of purpose restrictions:	
Internship Programs	$ 2,120,997
Program Development	503,561
Contract management, executive training and other	493,033
Youth programs	77,856
Total Purpose Restrictions	3,195,447
Satisfaction of time restrictions	89,022
Total Net Assets Released from Restrictions	$ 3,284,469

5. Net Assets (continued)

Temporarily Restricted Net Assets (continued)

As of December 31, 2015, temporarily restricted net assets are available for the following programs and time periods:

Internship Programs	$ 1,457,648
Program Development	190,909
Contract management, executive training and other	124,332
Youth programs	85,151
Time restrictions – available for general operations in 2016	30,331
Total Temporarily Restricted Net Assets	$ 1,888,371

6. Donated Services and Facilities

During the year ended December 31, 2015, the Foundation received donated services and facilities as follows:

Donated professional services	$ 381,458
Donated facilities – classrooms	126,686
Donated facilities – office space	32,302
Donated facilities – other	8,435
Total In-Kind Donations	$ 548,881

7. Commitments and Contingencies

Office Leases

District of Columbia: In October 2012, the Foundation entered into a five-year agreement for office space and related services from a limited liability company owned by one of the Foundation's board members and the lease is scheduled to expire on October 31, 2017. The agreement may be terminated by either party with 6 months written notice without cause. Under the terms of the agreement, the fee for the space and office services escalates annually by the greater of 2% or the annual increase in the U.S. City Average Consumer Price Index. The payments required for the space and services are estimated to be below fair market value. Management's estimate of the difference between fair value and the amount paid by the Foundation has been recorded as an in-kind contribution and corresponding donated rent expense.

Baltimore: The Foundation leases office space under a noncancelable operating lease. Under the current lease amendment, the lease expires November 30, 2017. Under the terms of the lease, the rent escalates by 3% annually over the term of the lease. In addition, the landlord charges additional rent for common areas and building maintenance.

Continued

7. Commitments and Contingencies (continued)

Office Leases (continued)

Chicago: The Foundation leased office space under a five-year operating lease, which was scheduled to expire on August 31, 2017. The lease was terminated by the landlord effective June 8, 2015. In April 2015, the Foundation signed a new office lease which is scheduled to expire on July 31, 2018. Under the terms of the lease, rent escalates annually per an established schedule in accordance with the lease term. In addition, the landlord charges additional rent for common areas, building maintenance, and taxes.

Under GAAP, scheduled rent increases over a lease term are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is recorded as deferred rent in the accompanying statement of financial position.

Future minimum lease payments for the stated terms of these leases (which for the District of Columbia office lease assumes a full year in 2016), subject to increases based on operating expenses, real estate taxes and consumer price index adjustments, are as follows:

For the Year Ending December 31,	
2016	$ 285,764
2017	74,147
2018	34,132
Total	$ 394,043

Rent expense under all of these lease agreements, exclusive of the in-kind rent recognized, totaled $276,392 for the year ended December 31, 2015 and is included in occupancy and utilities in the accompanying statement of functional expenses.

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions. While the amounts at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution, the Foundation monitors the credit worthiness of these institutions and has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2015, the Foundation's balance in excess of the amount guaranteed by the FDIC was approximately $2,014,000.

8. Related Parties

As disclosed in Note 7, during the year ended December 31, 2015, the Foundation leased office space from a limited liability company owned by one of the Foundation's Board members. The Foundation paid approximately $226,000 under this agreement for rent, utilities, maintenance, office cleaning and other occupancy fees.

Continued

9. Pension Plan

The Foundation maintains a defined contribution pension plan under Section 403(b) of the Internal Revenue Code (IRC) that covers substantially all of the Foundation's full-time employees. Employees may elect to defer and contribute to the plan a portion of their compensation up to the Federal tax limitation. The Foundation matches employee contributions to the plan up to 3% of an employee's annual salary. The Foundation's matching contributions for the year ended December 31, 2015 totaled $51,661.

10. Income Taxes

Under IRC Section 501(c)(3), the Foundation is exempt from federal taxes on income other than net unrelated business income. No provision for income taxes is required as of December 31, 2015, as the Foundation had no taxable net unrelated business income.

The Foundation reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertain tax positions. For the year ended December 31, 2015, management did not identify any uncertain tax positions requiring recognition or disclosure in these financial statements. As of December 31, 2015, the statute of limitations for the years ended December 31, 2012 through December 31, 2014 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Foundation files tax returns. It is the Foundation's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2015, the Foundation had no accrual for interest and/or penalties.

11. Prior Period Adjustment

During the year ended December 31, 2015, the Foundation restated its net asset balance as of December 31, 2013 and 2014 to correct for misstatements in revenue recognition and deferred revenue. Accordingly, an adjustment in the amount of $238,950 was made to decrease deferred revenue and to increase temporarily restricted and total net assets as of December 31, 2013. An adjustment was also made to decrease deferred revenue and to increase temporarily restricted and total net assets by $347,050 as of December 31, 2014 and to increase grants, contributions and contract revenue by $108,100 for the year ended December 31, 2014.

The effect of the adjustment on the net assets of the Foundation as of December 31, 2013 and change in net assets for 2013 as previously reported was an increase of $238,950. The effect of these adjustments on the net assets of the Foundation as of December 31, 2014 was an increase of $347,050 in temporarily restricted and total net assets. The effect on the change in net assets for 2014 as previously reported was an increase of $108,100.

Continued

12. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

13. Subsequent Events

In preparing these financial statements, the Foundation's management has evaluated events and transactions for potential recognition or disclosure through July 19, 2016, the date the financial statements were available to be issued. There were no subsequent events identified through July 19, 2016 that require recognition or disclosure in these financial statements.