URBAN ALLIANCE

Employing Youth. Inspiring Excellence.

Financial Statements

For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

and
Report Thereon

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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, 2016, 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 Urban Alliance Foundation, Inc. as of December 31, 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.

Continued

Report on Summarized Comparative Information

We have previously audited the Foundation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Raffa, P.C.

Raffa, P.C.

Washington, DC
June 26, 2017

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2016
(With Summarized Financial Information as of December 31, 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	$ 2,500,369	$ 2,967,657
Investments	1,605,957	1,542,090
Grants, contributions and contracts receivable, net	2,767,976	1,251,796
Other assets	67,797	34,718
Property and equipment, net	71,960	40,073
TOTAL ASSETS	$ 7,014,059	$ 5,836,334
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 226,848	$ 161,011
Deferred revenue	454,700	716,225
Deferred rent	13,291	15,605
Capital lease obligation	67,014	12,045
TOTAL LIABILITIES	761,853	904,886
Net Assets		
Unrestricted		
Undesignated	1,400,137	1,543,077
Board-designated	1,822,000	1,500,000
Total Unrestricted	3,222,137	3,043,077
Temporarily restricted	3,030,069	1,888,371
TOTAL NET ASSETS	6,252,206	4,931,448
TOTAL LIABILITIES AND NET ASSETS	$ 7,014,059	$ 5,836,334

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, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
REVENUE AND SUPPORT				
Grants, contributions and contracts	$ 2,989,649	$ 4,238,616	$ 7,228,265	$ 7,402,801
Federal grant	600,651	-	600,651	-
Donated facilities and services	426,906	-	426,906	548,881
Investment and other income (loss)	60,492	-	60,492	(16,949)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	3,066,587	(3,066,587)	-	-
Satisfaction of time restrictions	30,331	(30,331)	-	-
TOTAL REVENUE AND SUPPORT	7,174,616	1,141,698	8,316,314	7,934,733
EXPENSES				
Program Services:				
Internship programs	4,658,473	-	4,658,473	4,768,754
Program development	725,210	-	725,210	638,915
Youth programs	823,199	-	823,199	110,981
Total Program Services	6,206,882	-	6,206,882	5,518,650
Supporting Services:				
Management and general	185,013	-	185,013	539,119
Development and fundraising	603,661	-	603,661	618,437
Total Supporting Services	788,674	-	788,674	1,157,556
TOTAL EXPENSES	6,995,556	-	6,995,556	6,676,206
CHANGE IN NET ASSETS	179,060	1,141,698	1,320,758	1,258,527
NET ASSETS, BEGINNING OF YEAR	3,043,077	1,888,371	4,931,448	3,672,921
NET ASSETS, END OF YEAR	$ 3,222,137	$ 3,030,069	$ 6,252,206	$ 4,931,448

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, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

	Program Services				Supporting Services				
	Internship Programs	Program Development	Youth Programs	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	2016 Total	2015 Total
Staff salaries	$ 1,387,668	$ 225,042	$ 264,763	$ 1,877,473	$ 385,472	$ 347,381	$ 732,853	$ 2,610,326	$ 2,383,015
Program intern wages	1,609,107	-	326,100	1,935,207	-	-	-	1,935,207	1,788,933
Employee benefits	441,193	39,833	86,725	567,751	75,803	68,667	144,470	712,221	675,172
Professional fees	-	341,702	-	341,702	236,212	60,181	296,393	638,095	923,182
Occupancy and utilities	36,400	-	-	36,400	321,694	-	321,694	358,094	308,694
Student training	187,477	-	3,642	191,119	-	-	-	191,119	174,713
Student activities	95,656	-	8,938	104,594	-	3,300	3,300	107,894	119,018
Public relations	88,137	-	-	88,137	404	6,960	7,364	95,501	1,658
Computer supplies and equipment	14,714	2,216	1,715	18,645	62,603	1,496	64,099	82,744	34,458
Travel	42,157	3,050	1,205	46,412	8,967	7,305	16,272	62,684	50,214
Depreciation and amortization	-	-	-	-	37,750	-	37,750	37,750	45,443
Miscellaneous	5,558	155	1,078	6,791	22,703	3,485	26,188	32,979	58,780
Telecommunications	10,800	-	1,184	11,984	17,598	-	17,598	29,582	28,419
Printing	988	-	241	1,229	21,088	6,323	27,411	28,640	26,668
Meals and entertainment	12,606	752	1,045	14,403	12,147	1,352	13,499	27,902	17,360
Dues, fees and subscriptions	5,031	1,167	-	6,198	5,974	4,413	10,387	16,585	8,080
Insurance	-	-	-	-	15,580	-	15,580	15,580	15,115
Office supplies	7,879	281	551	8,711	3,550	392	3,942	12,653	17,284
	3,945,371	614,198	697,187	5,256,756	1,227,545	511,255	1,738,800	6,995,556	6,676,206
Overhead allocation	713,102	111,012	126,012	950,126	(1,042,532)	92,406	(950,126)	-	-
TOTAL EXPENSES	$ 4,658,473	$ 725,210	$ 823,199	$ 6,206,882	$ 185,013	$ 603,661	$ 788,674	$ 6,995,556	$ 6,676,206

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, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)
Increase (Decrease) in Cash and Cash Equivalents

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,320,758	$ 1,258,527
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	6,600	1,600
Loss on disposal of fixed assets	6,910	-
Realized gains on investments	(1,838)	(2,619)
Unrealized losses (gains) on investments	(28,387)	45,877
Depreciation and amortization	37,750	45,443
Changes in assets and liabilities:		
Grants, contributions and accounts receivable	(1,522,780)	(345,364)
Other assets	(33,079)	6,856
Accounts payable and accrued expenses	65,837	33,791
Deferred revenue	(261,525)	(31,635)
Deferred rent	(2,314)	(1,047)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(412,068)	1,011,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(563,732)	(625,379)
Sale of investments	530,090	350,352
Purchase of property and equipment	(2,087)	(8,220)
NET CASH USED IN INVESTING ACTIVITIES	(35,729)	(283,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(19,491)	(13,140)
NET CASH USED IN FINANCING ACTIVITIES	(19,491)	(13,140)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(467,288)	715,042
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,967,657	2,252,615
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,500,369	$ 2,967,657
SUPPLEMENTAL CASH FLOW INFORMATION		
Equipment acquired under capital lease	$ 74,460	$ -
Obligation incurred under capital lease	(74,460)	-
TOTAL NONCASH FINANCING AND INVESTING ACTIVITIES	$ -	$ -

The accompanying notes are in 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, Alexandria and Fairfax County). 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 Measurement

In accordance with the accounting standards for fair value measurement 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 Measurement (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, 2016, 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 $1,250 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.

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.

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

Revenue Recognition

Grants and contributions are reported as revenue in the year in which the payments are received and/or unconditional promises to give 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.

Grants and contracts treated as exchange transactions are 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 grants and 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 2015 amounts have been reclassified to conform to the current year presentation.

Continued

2. Investments

The following table summarizes the Foundation's investments, measured at fair value on a recurring basis, as of December 31, 2016:

	Total Fair Value	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	$ 602,500	$ 602,500	$ -	$ -
Fixed-income bond mutual funds	170,944	170,944	-	-
Certificates of deposit	200,078	-	200,078	-
Corporate bonds	146,636	-	146,636	-
Money market funds	485,799	485,799	-	-
Total	$ 1,605,957	$ 1,259,243	$ 346,714	$ -

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

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

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

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

Investment returns for the year ended December 31, 2016 are summarized as follows:

Unrealized gains	$ 28,387
Realized gains	1,838
Interest and dividends	27,839
Investment Gain, Net	$ 58,064

Continued

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, 2016, but not yet reimbursed. Total receivables are due as follows as of December 31, 2016:

Less than one year	$ 2,320,960
One to five years	465,166
Total Grants, Contributions and Contracts Receivable	2,786,126
Less: Allowance for Doubtful Accounts	(18,150)
Grants, Contributions and Contracts Receivable, Net	$ 2,767,976

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 August 31, 2017, and provides for a cumulative award since inception of $2,730,035. For the year ended December 31, 2016, the Foundation satisfied $200,762 of the match and other conditions as approved by the funder. This amount is included in grants, contributions and contracts revenue in the accompanying statement of activities. As of December 31, 2016, the remaining amount which may be earned by the Foundation under this conditional award totaled $115,870. 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, 2016, in the accompanying financial statements.

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, 2016, the Foundation recognized revenue in the amount of $645,000 after achieving agreed-upon grant milestones as approved by the funder. This amount is included in grants, contributions and contracts revenue in the accompanying statement of activities.

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2016:

Computer and office equipment	$ 53,289
Equipment under capital leases	74,460
Software	52,561
Total Property and Equipment	180,310
Less: Accumulated Depreciation and Amortization	(108,350)
Property and Equipment, Net	$ 71,960

Continued

4. Property and Equipment (continued)

Depreciation and amortization expense totaled $37,750 for the year ended December 31, 2016.

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, 2016. Subsequent to year-end, in March 2017, the Board of Directors approved an addition to the board designated fund of $300,000, retroactive to December 31, 2016. During the year ended December 31, 2016, the Foundation also added $22,000 of investment earnings to the board designated fund in accordance with the operating reserve policy. The balance as of December 31, 2016 of the reserve fund was $1,822,000.

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, 2016, net assets released from restrictions were as follows:

Satisfaction of purpose restrictions:	
Internship programs	$ 2,071,723
Program development	230,163
Matching funds	449,951
Youth programs	314,750
Total Purpose Restrictions	3,066,587
Satisfaction of time restrictions	30,331
Total Net Assets Released from Restrictions	$ 3,096,918

As of December 31, 2016, temporarily restricted net assets are available for the following programs and time periods:

Internship programs	$ 2,028,959
Program development	105,000
Matching funds	773,182
Youth programs	122,928
Total Temporarily Restricted Net Assets	$ 3,030,069

Continued

6. Federal Grant

During the year ended December 31, 2016, the Foundation received a grant award from the U.S. Department of Education. The authorized funding is up to $9,636,210 with a performance period of February 16, 2016 to February 15, 2021. Revenue on this exchange transaction grant is recognized as costs are incurred plus allowable indirect expenses. During the year ended December 31, 2016, the Foundation recognized revenue totaling $600,651 from this grant agreement, which is reflected as government grant in the accompanying statement of activities.

7. Donated Services and Facilities

During the year ended December 31, 2016, the Foundation received donated services and facilities as follows:

Donated professional services	$ 143,819
Donated facilities – classrooms	134,160
Donated public relations	86,756
Donated facilities – office space	58,871
Donated facilities – other	3,300
Total Donated Facilities and Services	$ 426,906

8. 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

8. Commitments and Contingencies (continued)

Office Leases (continued)

Chicago: The Foundation leased office space under a three-year operating 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 10 months in 2017), subject to increases based on operating expenses, real estate taxes and consumer price index adjustments, are as follows:

For the Year Ending December 31,	
2017	$ 276,937
2018	34,132
Total	$ 311,069

Rent expense under all of these lease agreements, exclusive of the in-kind rent recognized, totaled $299,223 for the year ended December 31, 2016, 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 creditworthiness of these institutions and has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2016, the Foundation's balance in excess of the amount guaranteed by the FDIC was approximately $1,790,000.

9. Related Parties

As disclosed in Note 8, during the year ended December 31, 2016, the Foundation leased office space from a limited liability company owned by one of the Foundation's board members. The Foundation paid approximately $232,000 under this agreement for rent, utilities, maintenance, office cleaning and other occupancy fees.

Continued

10. Pension Plan

The Foundation maintains a defined contribution pension plan under Section 403(b) of the Internal Revenue Code (the 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, 2016 totaled $53,796.

11. Income Taxes

Under the 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, 2016, as the Foundation had no taxable net unrelated business income.

The Foundation has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation evaluated its uncertainty in income taxes for the year ended December 31, 2016, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2016, the statute of limitations for tax years 2013 through 2015 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 uncertainty in income taxes, if any, in income tax expense.

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 GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2015, 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 June 26, 2017, the date the financial statements were available to be issued.

Continued

13. Subsequent Events (continued)

On February 27, 2017, a former employee of the Foundation filed a complaint against the Foundation with the DC Office of Human Rights. The management of the Foundation is of the opinion that the claim has no merit and intends to vigorously defend its position. Management believes the outcome of this action will have no material effect on the financial statements.

There were no other subsequent events identified through June 26, 2017, that require recognition or disclosure in these financial statements.