

**PROGRAM FOR EARLY PARENT SUPPORT
ACCOUNTANTS' REVIEW REPORT
AND FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

PROGRAM FOR EARLY PARENT SUPPORT

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FINNEY, NEILL & COMPANY, P.S.

C E R T I F I E D P U B L I C A C C O U N T A N T S

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Program for Early Parent Support

We have reviewed the accompanying statements of financial position of Program for Early Parent Support (a not for profit organization) as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Program for Early Parent Support's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Finney, Neill & Company, P.S.

June 30, 2015
Seattle, Washington

PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)

Statements of Financial Position

December 31, 2014 and 2013

ASSETS	2014	2013
Current assets:		
Cash and cash equivalents	\$ 379,255	317,008
Investments	199,202	185,137
Pledges receivable, net	83,111	80,119
Other receivable	6,137	29,453
Prepays and other	<u>22,727</u>	<u>21,575</u>
Total current assets	690,432	633,292
Pledges receivable, net	53,370	55,231
Endowment	62,458	62,224
Fixed assets, net	<u>12,607</u>	<u>7,197</u>
Total assets	<u>\$ 818,867</u>	<u>757,944</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other liabilities	\$ 16,835	13,922
Accrued vacation	29,959	20,399
Deferred revenue	<u>27,850</u>	<u>5,550</u>
Total liabilities	<u>74,644</u>	<u>39,871</u>
Net assets:		
Unrestricted	555,859	537,364
Temporarily restricted	138,272	130,617
Permanently restricted	<u>50,092</u>	<u>50,092</u>
Total net assets	<u>744,223</u>	<u>718,073</u>
Total liabilities and net assets	<u>\$ 818,867</u>	<u>757,944</u>

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT
 (A Not For Profit Organization)
 Statements of Activities
 Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Support and Revenue:		
Contributions	\$ 102,409	103,587
Grants	26,890	22,562
Program service fees	366,981	337,106
Special events, net	268,805	259,704
In-kind contributions	353,370	344,620
Investment income	5,236	4,668
Realized and unrealized gains (losses) on investments	5,363	(8,708)
	<u>1,129,054</u>	<u>1,063,539</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	50,327	58,173
Satisfaction of time restrictions	51,907	61,806
Appropriation of endowment assets for expenditure	1,959	1,877
	<u>104,193</u>	<u>121,856</u>
Total unrestricted support, revenue, and other support	1,233,247	1,185,395
Expenses:		
Programs	919,748	856,164
Management and general	79,880	61,922
Fundraising	215,124	223,947
Total expenses	<u>1,214,752</u>	<u>1,142,033</u>
Increase (decrease) in unrestricted net assets	<u>18,495</u>	<u>43,362</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	109,655	142,093
Unappropriated earnings (loss) on endowment fund	2,193	7,936
Net assets released from restrictions	<u>(104,193)</u>	<u>(121,856)</u>
Increase (decrease) in temporarily restricted net assets	<u>7,655</u>	<u>28,173</u>
Increase (decrease) in net assets	<u>26,150</u>	<u>71,535</u>
Net assets at beginning of year	<u>718,073</u>	<u>646,538</u>
Net assets at end of year	<u>\$ 744,223</u>	<u>718,073</u>

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)
 Statement of Functional Expenses
 Year ended December 31, 2014

	<u>Programs</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes, and benefits	\$ 303,757	57,945	109,063	470,765
Professional fees	147,326	12,562	32,740	192,628
Rent	38,931	3,982	11,563	54,476
Board expenses	8,505	1,340	2,388	12,233
Conferences and education	6,513	61	20,427	27,001
Credit card fees	9,265	646	3,234	13,145
Equipment	7,392	613	13,625	21,630
Insurance	3,644	574	1,023	5,241
Memberships	184	22	323	529
Mileage and parking	3,137	16	1,300	4,453
Miscellaneous	1,753	20	3,479	5,252
Postage	4,947	8	2,616	7,571
Printing	6,491	(9)	7,848	14,330
Supplies	7,222	697	2,508	10,427
Excise tax	5,488	150	10	5,648
Telephone	6,016	745	1,688	8,449
Depreciation and amortization	5,807	508	906	7,221
Uncollectible pledges	-	-	383	383
Expenses before in-kind	<u>566,378</u>	<u>79,880</u>	<u>215,124</u>	<u>861,382</u>
In-kind facilities and services	<u>353,370</u>	<u>-</u>	<u>-</u>	<u>353,370</u>
Total expenses	<u>\$ 919,748</u>	<u>79,880</u>	<u>215,124</u>	<u>1,214,752</u>

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT
 (A Not For Profit Organization)
 Statement of Functional Expenses
 Year ended December 31, 2013

	Management			
	Programs	& General	Fundraising	Total
Salaries, taxes, and benefits	\$ 266,058	41,494	113,567	421,119
Professional fees	132,228	11,932	27,941	172,101
Rent	37,783	3,196	13,751	54,730
Board expenses	8,084	981	2,175	11,240
Conferences and education	171	13	25,836	26,020
Credit card fees	8,691	409	3,504	12,604
Equipment	7,230	458	13,425	21,113
Insurance	3,292	404	896	4,592
Memberships	223	18	209	450
Mileage and parking	3,923	91	1,209	5,223
Miscellaneous	1,756	-	1,800	3,556
Postage	3,881	16	2,684	6,581
Printing	9,091	423	11,603	21,117
Supplies	12,179	576	2,884	15,639
Excise tax	5,514	350	20	5,884
Telephone	6,407	704	1,763	8,874
Depreciation and amortization	5,033	307	680	6,020
Uncollectible pledges	-	550	-	550
Expenses before in-kind	<u>511,544</u>	<u>61,922</u>	<u>223,947</u>	<u>797,413</u>
In-kind facilities and services	<u>344,620</u>	<u>-</u>	<u>-</u>	<u>344,620</u>
Total expenses	<u>\$ 856,164</u>	<u>61,922</u>	<u>223,947</u>	<u>1,142,033</u>

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)

Statements of Cash Flows

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from contributions, grants and fees	\$ 919,225	807,687
Cash received from interest and other sources	5,225	4,661
Cash paid to employees and vendors	<u>(843,404)</u>	<u>(783,329)</u>
Net cash provided by operating activities	<u>81,046</u>	<u>29,019</u>
Cash flows from investing activities:		
Purchase of investments	(8,702)	(42,299)
Purchase of fixed assets	<u>(10,097)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(18,799)</u>	<u>(42,299)</u>
Net increase (decrease) in cash	62,247	(13,280)
Cash at beginning of year	<u>317,008</u>	<u>330,288</u>
Cash at end of year	<u>\$ 379,255</u>	<u>317,008</u>
Reconciliation of changes in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 26,150	71,535
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	(5,363)	8,708
Depreciation and amortization	7,220	6,020
Net unrealized change in endowment fund	(234)	(6,059)
(Increase) decrease in assets:		
Pledges receivable, net	75,843	2,603
Other receivables	(53,658)	(45,018)
Prepays and other	(3,685)	(2,685)
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	2,913	6,050
Accrued vacation	9,560	2,815
Deferred revenue	<u>22,300</u>	<u>(14,950)</u>
Total adjustments	<u>54,896</u>	<u>(42,516)</u>
Net cash provided (used) by operating activities	<u>\$ 81,046</u>	<u>29,019</u>

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements
Years ended December 31, 2014 and 2013

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

Nature of Activities

Program for Early Parent Support (PEPS or the Organization) was established in 1982 in the State of Washington. The Organization's mission is to provide community-based programs that enable parents of infants and young children to meet the challenges of parenting through mutual support and shared information.

PEPS' main program is the Newborn Groups Program. Parents with newborns meet weekly for 12 weeks in participants' homes with a trained facilitator. Participants enhance their parenting skills by sharing information and experiences, solving problems together, and gaining access to information and resources. Upon completion of the facilitated 12 week session, approximately 90% of groups continue to meet on their own. PEPS also offers support groups for parents with babies 5-12 months old called Baby Peppers; for parents of a toddler and a newborn called Little Peppers; newborn groups for parents with their second child called Second Time Around; and Dad's groups. These groups are also facilitated by a trained leader and are held at various sites in King and Snohomish County, such as community centers and childcare centers. Little Peppers is the only group in which a trained leader is paid, rather than volunteer, due to the size and complexity of the group. Little Peppers also has an assistant at each group to help the leaders, usually students who are given a small stipend. In 2014, PEPS served 1,756 families through 210 Newborn groups; 78 families through Second Time Around; 244 families through Baby Peppers groups; 108 families through Little Peppers; 29 families in PEPS for Dads; 335 families through While You're Waiting drop-in sessions; and 204 families at our Parent Talk Lecture Series, for a total of 2,754 families served.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Presentation of Financial Statements for Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor imposed restrictions. Accordingly, the net assets of the Organization have been reported as follows:

- *Unrestricted net assets* are those currently available at the discretion of the board for use in the activities of the Organization.
- *Temporarily restricted net assets* are those stipulated by donors for specific operating purposes or for a specific period of time.
- *Permanently restricted net assets* are in the form of endowment or sustaining funds in which only the income from such funds may be expended.

Net assets of the temporarily and permanently restricted class are created only by donor-imposed restrictions on the use of funds. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

These notes are an integral part of the financial statements.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated 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

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments

Investments consist of investments in money market funds and mutual funds which are classified as available-for-sale securities carried at fair value. Net unrealized investment gains (losses) related to available-for-sale securities are recorded in the total change in net assets. Interest and dividends earned are reported in interest and other income. Program for Early Parent Support uses quoted market prices or public market information to determine the fair value of its investments. Gains and losses on dispositions are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statement of activities.

Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to five years. Depreciation begins when the assets are placed in service. Repairs and maintenance of fixed assets are expensed as incurred. The Organization generally follows the practice of capitalizing expenditures for property and equipment in excess of \$1,500 with useful lives greater than three years. Depreciation expense for the years ended December 31, 2014 and 2013 was \$3,655 and \$3,487, respectively.

Long-Lived Assets and Amortization

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the years ended December 31, 2014 and 2013. Amortization expense for the years ended December 31, 2014 and 2013 was \$2,533 and \$2,533, respectively.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

Restricted and Unrestricted Support and Revenue Recognition

Contributed support is recorded when cash is received or when ownership of donated assets is transferred. The Organization has adopted the Revenue Recognition for Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. In accordance with this Topic, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions.

Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily or permanently restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

Donated services, supplies and facilities

Donated services are recorded as professional service expense arising from trained newborn group leader volunteers (see Note 11). Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments. No amounts have been recorded for those hours as they did not meet the qualifying criteria for recognition. Donations of supplies and facilities are recorded as revenue at the estimated fair value at the date of donation.

100% of board members contribute to the long-term financial health and integrity of the Organization through both individual contributions and time.

Income Tax Status

The Internal Revenue Service has recognized PEPS as exempt from federal income taxes under Section 501(c)(3) and is classified as an organization other than a private foundation under Section 509(a)(1). Accordingly, no provision has been made for federal income tax in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

The Organization accounts for tax positions in accordance with the FASB Accounting Standards Codification Topic No. 740, *Income Taxes*. With few exceptions, the Organization is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed the Organization's tax positions and determined there were no uncertain tax positions as of December 31, 2014 and 2013 that could result in unrelated business taxes to the Organization or loss of its non-profit status.

The Organization recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2014 and 2013, the Organization recognized no income tax related interest or penalties.

These notes are an integral part of the financial statements.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

Subsequent Events

Subsequent events have been evaluated through June 30, 2015, which is the date the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this topic are described below:

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

Level 2: Inputs to the valuation methodology include:

- a. Quoted prices for similar assets or liabilities in active markets,
- b. Quoted prices for identical or similar assets or liabilities in inactive markets,
- c. Inputs other than quoted prices that are observable for the asset or liability,
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- Mutual funds: valued at the net asset value of shares held at year end.
- Endowment assets: valued at the net asset value of shares held in the investment pool managed by The Seattle Foundation as allocated to the Organization's individual account.

All investments are classified under level 1 measurements within the fair value hierarchy.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

2. FAIR VALUE MEASUREMENTS, continued

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

3. INVESTMENTS

The following schedule summarizes the Organization's investments stated at fair value as of December 31:

	2014	2013
Money market funds	\$ 10,770	2,079
Mutual funds	<u>188,432</u>	<u>183,058</u>
	<u><u>\$ 199,202</u></u>	<u><u>185,137</u></u>

Investment income consists of the following for the years ended December 31:

	2014	2013
Interest and dividends	\$ 5,236	4,668
Realized gains (losses)	(11)	(7)
Unrealized gains (losses)	<u>5,374</u>	<u>(8,701)</u>
	<u><u>10,599</u></u>	<u><u>(4,040)</u></u>

Endowment:

Interest and dividends	1,181	1,043
Realized gains (losses)	1,743	1,439
Unrealized gains (losses)	180	6,330
Less fees	<u>(911)</u>	<u>(876)</u>
	<u><u>2,193</u></u>	<u><u>7,936</u></u>
	<u><u>\$ 12,792</u></u>	<u><u>3,896</u></u>

4. PLEDGES RECEIVABLE

The Organization holds fund-raising campaigns to sustain future operations. The resulting unconditional promises to give are not restricted to any particular program. The allowance for uncollectible pledges receivable is calculated at a rate commensurate with the risk involved of 4% at December 31, 2014 and 2013.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

4. PLEDGES RECEIVABLE, continued

Pledges receivable include the following at December 31:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 87,103	83,773
Receivable in one to five years	<u>55,934</u>	<u>57,750</u>
	143,037	141,523
Less allowance for uncollectible accounts and net present value discount (.15% for 2014 and 2013)	<u>(6,556)</u>	<u>(6,173)</u>
Pledges receivable, net	<u><u>\$ 136,481</u></u>	<u><u>135,350</u></u>

5. ENDOWMENT

The Endowment is funds held in an investment pool managed by The Seattle Foundation (the Foundation). The Foundation was established in 1946, and since its formation has managed funds for many not-for-profit organizations in the Puget Sound area. Realized and unrealized gains/losses from securities in the investment pool are allocated to the individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investment accounts, as adjusted for additions to/deductions from those accounts. The Foundation's assets are principally in trusts from which income is distributed to the participating organizations. The Foundation guarantees a minimum 5% return on invested assets for the first year. Thereafter, invested assets may earn a higher rate of return and all earnings in excess of 5% are reinvested in the trust. The Foundation distributed \$1,959 and \$1,878 in earnings during the years ended December 31, 2014 and 2013, respectively. To satisfy its long-term objectives, the Organization has established investment policies that rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In 2015, PEPS' Board of Directors requested the Foundation discontinue the distribution of earnings, allowing the funds to be reinvested.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following:

These notes are an integral part of the financial statements.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued
Years ended December 31, 2014 and 2013

5. ENDOWMENT, continued

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

The funds held with the Foundation include permanently restricted endowment contributions and investment appreciation. Permanently restricted funds held by the Foundation are \$50,092 at December 31, 2014 and 2013.

Endowment fund composition:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2014				
Seattle Foundation	<u>\$</u> <u>-</u>	<u>12,366</u>	<u>50,092</u>	<u>62,458</u>
December 31, 2013				
Seattle Foundation	<u>\$</u> <u>-</u>	<u>12,132</u>	<u>50,092</u>	<u>62,224</u>

Changes in Endowment Net Assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets,				
January 1, 2013	<u>\$</u> <u>-</u>	<u>6,073</u>	<u>50,092</u>	<u>56,165</u>
Investment return	<u>-</u>	<u>7,936</u>	<u>-</u>	<u>7,936</u>
Appropriation of Endowment assets for expenditure	<u>-</u>	<u>(1,877)</u>	<u>-</u>	<u>(1,877)</u>
Endowment net assets,				
December 31, 2013	<u>-</u>	<u>12,132</u>	<u>50,092</u>	<u>62,224</u>
Investment return	<u>-</u>	<u>2,193</u>	<u>-</u>	<u>2,193</u>
Appropriation of Endowment assets for expenditure	<u>-</u>	<u>(1,959)</u>	<u>-</u>	<u>(1,959)</u>
Endowment net assets,				
December 31, 2014	<u>\$</u> <u>-</u>	<u>12,366</u>	<u>50,092</u>	<u>62,458</u>

These notes are an integral part of the financial statements.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

6. FIXED ASSETS

Fixed assets consisted of the following at December 31:

	2014	2013
Office equipment	\$ 12,983	13,715
Furniture	19,623	17,030
Software	<u>56,872</u>	<u>56,872</u>
	89,478	87,617
Less accumulated depreciation	<u>(76,871)</u>	<u>(80,420)</u>
Fixed assets, net	<u><u>\$ 12,607</u></u>	<u><u>7,197</u></u>

7. TEMPORARILY RESTRICTED NET ASSETS

The following schedule summarizes the Organization's temporarily restricted net asset composition for the years ended December 31, 2014 and 2013:

	2014	2013
Board training	\$ 6,000	6,828
Programs	-	2,000
Time restricted (pledges outstanding)	119,906	109,657
Unappropriated earnings on Endowment Fund	<u>12,366</u>	<u>12,132</u>
Total temporarily restricted net assets	<u><u>\$ 138,272</u></u>	<u><u>130,617</u></u>

8. LEASE EXPENSE

The Organization leases office equipment under an operating lease signed July 30, 2012. The lease is for a period of 60 months. Scheduled lease payments for the years ending December 31, are as follows:

<u>Years ending</u>	
2015	\$ 2,580
2016	2,580
2017	1,505
	<u><u>\$ 6,665</u></u>

Rental expense for office equipment under lease totaled \$3,177 and \$2,896 for the years ended December 31, 2014 and 2013, respectively.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

8. LEASE EXPENSE, continued

The Organization leases office space under a lease agreement dated January 11, 2007 and amended December 15, 2011 to renew the lease for 60 months. The lease renewal is for a period of 60 months.

Scheduled lease payments for the years ending December 31, are as follows:

<u>Years ending</u>	
2015	\$ 34,991
2016	36,033
2017	3,010
	<u><u>\$ 74,034</u></u>

Rental expense for office space totaled \$33,974 and \$33,017 for the years ended December 31, 2014 and 2013, respectively.

9. SPECIAL EVENTS

Special events revenue included the following activity during the years ended December 31:

	<u>2014</u>	<u>2013</u>
Luncheon revenues and contributions	\$ 237,840	254,518
PEPSapalooza contributions, net	30,965	5,186
	<u><u>\$ 268,805</u></u>	<u><u>259,704</u></u>

The luncheon is a significant annual event, and the costs related to it are an allocated expense in the statement of functional expenses.

The PEPSapalooza event began in 2009 and is designed to create community awareness, bring PEPS families together and raise additional funds for the Organization. PEPSapalooza contributions are reported net of direct costs of \$12,726 and \$13,158 for the years ended December 31, 2014 and 2013, respectively. Other expenses related to special events are reported in the statement of functional expenses.

10. RETIREMENT PLAN

Organization offers a Savings Incentive Match Plan for Employees (SIMPLE). The plan allows for the Organization to match employee contributions up to three percent of the employees' eligible wages. Employer contributions for the years December 31, 2014 and 2013 were \$8,694 and \$9,855.

PROGRAM FOR EARLY PARENT SUPPORT

Notes To Financial Statements, continued

Years ended December 31, 2014 and 2013

11. IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
In-kind services - Newborn Groups Program	\$ 213,600	216,160
In-kind facilities - Newborn Groups Program	<u>139,770</u>	<u>128,460</u>
	<u><u>\$ 353,370</u></u>	<u><u>344,620</u></u>

These notes are an integral part of the financial statements.