

METRO DALLAS HOMELESS ALLIANCE AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

METRO DALLAS HOMELESS ALLIANCE AND AFFILIATE

DECEMBER 31, 2014 AND 2013

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	3
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	6 - 11



Report of Independent Certified Public Accountants

To the Board of Directors
Metro Dallas Homeless Alliance and Affiliate

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Metro Dallas Homeless Alliance ("MDHA") and MDHA Pebbles, LLC, (collectively referred to as the "Organization") which comprise the consolidated statements of financial position as of December 31, 2014, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above, present fairly, in all material respects, the financial position of the Organization as of December 31, 2014, and the changes in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited the Organization's December 31, 2013 financial statements, and our report dated September 10, 2014, expressed an unmodified audit opinion on those consolidated audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Lane Gorman Trubitt, PLLC

Dallas, Texas
July 22, 2015

Metro Dallas Homeless Alliance and Affiliate
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS

	2014	2013
Cash and cash equivalents	\$ 462,246	\$ 233,658
Accounts receivable	134,295	156,435
Prepaid expenses	21,239	15,221
Fixed assets, net	24,994	22,944
Investment in joint venture (Pebbles Apartments, LLC)	59,986	72,221
Total assets	<u>\$ 702,760</u>	<u>\$ 500,479</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	2,420	17,394
Notes payable	200,000	-
Accrued expenses	29,138	41,130
Total liabilities	231,558	58,524

COMMITMENTS AND CONTINGENCIES

- -

NET ASSETS

Unrestricted	401,521	396,777
Temporarily restricted	69,681	45,178
Total net assets	<u>471,202</u>	<u>441,955</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 702,760 \$ 500,479

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

Metro Dallas Homeless Alliance and Affiliate
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31,

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Summarized Totals
SUPPORT AND REVENUE				
Contributions and grant revenue				
Corporations	\$ 13,000	\$ -	\$ 13,000	\$ 63,805
Foundations	311,020	78,375	389,395	527,500
Governments	367,792	-	367,792	218,041
Organizations	876	-	876	16,672
Individuals	39,121	3,741	42,862	46,172
In-Kind	261,651	-	261,651	256,867
Total contributions and grant revenue	<u>993,460</u>	<u>82,116</u>	<u>1,075,576</u>	<u>1,129,057</u>
Earned income				
Program administrative fees	280,638	-	280,638	215,551
Membership fees	16,442	-	16,442	14,289
Special Events	-	-	-	24,094
Miscellaneous	-	-	-	3,594
Total program service fee income	<u>297,080</u>	<u>-</u>	<u>297,080</u>	<u>257,528</u>
Income (loss) from joint venture	(12,235)	-	(12,235)	8,860
Interest income	28	-	28	28
Total earned income	<u>284,873</u>	<u>-</u>	<u>284,873</u>	<u>266,416</u>
Total contributions, grant revenue and earned income	<u>1,278,333</u>	<u>82,116</u>	<u>1,360,449</u>	<u>1,395,473</u>
Net assets released from restrictions	<u>57,613</u>	<u>(57,613)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>1,335,946</u>	<u>24,503</u>	<u>1,360,449</u>	<u>1,395,473</u>
EXPENSES				
Program	987,632	-	987,632	1,053,953
Management and General	277,256	-	277,256	329,730
Fundraising	66,314	-	66,314	132,968
TOTAL EXPENSES	<u>1,331,202</u>	<u>-</u>	<u>1,331,202</u>	<u>1,516,651</u>
CHANGE IN NET ASSETS	<u>4,744</u>	<u>24,503</u>	<u>29,247</u>	<u>(121,178)</u>
NET ASSETS, beginning of year	<u>396,777</u>	<u>45,178</u>	<u>441,955</u>	<u>563,133</u>
NET ASSETS, end of year	<u>\$ 401,521</u>	<u>\$ 69,681</u>	<u>\$ 471,202</u>	<u>\$ 441,955</u>

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

Metro Dallas Homeless Alliance and Affiliate
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2014
(with comparative totals for the year ended December 31, 2013)

	2014				2013
	Program	Supporting Services		Total	Total
	Services	Management and General	Fundraising		
Personnel	\$ 638,911	\$ 154,336	\$ 60,316	\$ 853,563	\$ 958,295
Contract services, consulting and professional fees	77,728	34,766	269	112,763	131,824
Travel, conferences and meetings	2,920	3,308	168	6,396	11,825
Advertising and promotion	-	209	646	855	1,489
Bank and financial services fees	-	17,375	126	17,501	15,268
Communications and information technology	28,071	2,025	1,024	31,120	46,519
Memberships and subscriptions	-	550	200	750	218
Miscellaneous	-	282	50	332	1,154
Hospitality and entertainment	1,510	743	-	2,253	5,829
Insurance	2,106	15,168	-	17,274	12,105
Postage and delivery	-	399	326	725	345
Printing and copying	320	4,375	224	4,919	5,580
Occupancy	5,333	3,847	385	9,565	8,891
Supplies	754	2,817	77	3,648	4,332
Depreciation	4,450	3,087	350	7,887	6,746
Bad debt expense	-	-	-	-	218
Grants to other organizations	196,799	-	-	196,799	204,202
Special events	-	-	-	-	41,743
In-Kind	28,730	33,969	2,153	64,852	60,068
TOTAL EXPENSES	<u>\$ 987,632</u>	<u>\$ 277,256</u>	<u>\$ 66,314</u>	<u>\$ 1,331,202</u>	<u>\$ 1,516,651</u>

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

Metro Dallas Homeless Alliance and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31,

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 29,247	\$ (121,178)
Adjustments to reconcile change in net assets to cash provided by operations:		
Depreciation	7,887	6,746
Bad debt expense	-	218
(Income) loss from joint venture	12,235	(8,860)
Changes in operating assets and liabilities:		
Accounts receivable	22,140	27,827
Prepaid expenses	(6,018)	3,080
Accounts payable	(14,974)	(10,247)
Accrued expenses	(11,992)	19,013
Deferred revenues	<u>-</u>	<u>(464)</u>
Net cash provided by (used in) operations	<u>38,525</u>	<u>(83,865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(9,937)	(5,896)
Proceeds of unrestricted investments	-	300
Investment in joint venture	<u>-</u>	<u>(5,000)</u>
Net cash (used in) investing activities	<u>(9,937)</u>	<u>(10,596)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>200,000</u>	<u>-</u>
Net cash provided by financing activities	<u>200,000</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	228,588	(94,461)
CASH AND CASH EQUIVALENTS, at beginning of year	<u>233,658</u>	<u>328,119</u>
CASH AND CASH EQUIVALENTS, at end of year	<u><u>\$ 462,246</u></u>	<u><u>\$ 233,658</u></u>

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

Metro Dallas Homeless Alliance and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NATURE OF BUSINESS

Metro Dallas Homeless Alliance

Metro Dallas Homeless Alliance (“MDHA”) (“Organization”) is a Texas nonprofit, tax-exempt corporation located in Dallas, Texas. It was established and is operated as a member organization composed of a broad spectrum of stakeholders committed to ending homelessness. In 2003, it was designated by the Dallas City Council as the regional authority on homelessness and charged with implementing Homeless Initiatives in Dallas’ 10-Year Plan to End Chronic Homelessness. MDHA is supported by contributions and grants from individuals, companies, foundations and governmental agencies. It also earns fees by providing program services and by fees charged for memberships.

Homeless Management Information System

The Continuum of Care Board of Directors appointed MDHA as the single HMIS administrator for the HUD Continuum of Care TX600 in August 2014 in compliance with the HEARTH Act Interim Rule. The homeless management information system (“HMIS”) is the central database to record housing and services for persons experiencing or at risk of homelessness within Dallas and Collin Counties. The HMIS is jointly funded by the federal government, grant recipients and subrecipients, and MDHA.

The Housing Authority of the City of Dallas

MDHA entered into three agreements with The Housing Authority of the City of Dallas, Texas, a Texas public housing authority (“DHA”) to lease apartment units through December 31, 2019 as part of the MDHA’s mission to reinforce the public supportive housing initiative for single women and families composed of women and children who are homeless or formerly homeless. Tenant eligibility is determined by MDHA personnel through their current homeless assistance service programs. The apartments are leased under a “bargain” lease agreement from DHA for \$1 annually.

MDHA Pebbles, LLC

On February 22, 2010, MDHA Pebbles, LLC (“Pebbles”) was formed in the state of Texas, to alleviate poverty and provide housing, shelter and support for independent living directly to the homeless population of Dallas, Texas. MDHA is the sole member of Pebbles. Pebbles owns a 50 percent interest in Pebbles Apartments, L.L.C. (PA) which operates the apartments leased under the agreements with DHA referred to above. Pebbles has no operations of its own.

In 2010, operations of the apartment units began in PA. PA is an entity owned 50 percent by Pebbles and 50 percent by Pebbles PSH, Inc., an unrelated Texas nonprofit corporation. Pebbles PSH, Inc. is the controlling member and manager over PA in accordance with the operating agreement effective May 5, 2010. Accordingly, PA is not consolidated as part of MDHA’s financial statements, but MDHA’s investment and its share of the earnings and losses of PA are shown in the Organization’s financial statements as investment in joint venture. In connection with the operation of the apartments PA collects rents and pays operating expenses. PA budgets the operations to break even.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied by the Organization in the preparation of the accompanying consolidated financial statements is as follows:

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of MDHA and MDHA Pebbles, LLC. There were no significant intercompany accounts or transactions to be eliminated in consolidation.

Metro Dallas Homeless Alliance and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There are no permanently restricted net assets at December 31, 2014.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less, except for cash and cash equivalents in the investment portfolio. The Organization maintains its cash balances in financial institutions located in Dallas, Texas, which at times may exceed federally insured limits.

The Organization has not incurred any losses in these accounts and does not believe that they are exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are primarily from grants and charges for services, but may also include amounts for unconditional promises to give and pledges.

Trade accounts receivable are generally recorded at the invoiced amount, and grants receivable are recorded based on reimbursable amounts incurred. The Organization considers all accounts and grants receivable to be fully collectible at December 31, 2014; accordingly no allowance for doubtful accounts is required. The collectability of the Organization's accounts and grants receivable is reviewed on an ongoing basis, using an assessment of the current status of individual accounts and current economic conditions. If accounts are determined to be delinquent or become uncollectible, they will be charged to operations at that time.

Unconditional promises of contributions to the Organization that are expected to be collected within one year are recorded at net realizable value. In accordance with GAAP, conditional promises to give are not included as support until the conditions are substantially met.

The Organization considers all pledges receivable to be fully collectible based on its assessment of the current status of individual accounts and current economic conditions; accordingly, no allowance for doubtful accounts is required. If pledges receivable are determined to be delinquent or become uncollectible, they will be charged to operations at that time.

All of the pledges receivable as of yearend are due within one year. Accordingly, the pledges receivable have not been discounted.

Metro Dallas Homeless Alliance and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets are carried at cost as of the date of acquisition or fair market value as of the date of donation, less accumulated depreciation and amortization. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets over their estimated useful lives on a straight-line basis. The Organization's policy is to expense repairs and maintenance and all items under \$1,000.

Investment in Joint Venture

The Organization uses the equity method to account for its investment in Pebbles. Under the equity method, the Organization recognizes its share of the earning and loss of the joint venture as they accrue. Advances and distributions are charged and credited directly to the investment account.

Income Taxes

MDHA is recognized as an exempt entity from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Pebbles is a wholly-owned for-profit subsidiary of MDHA which is considered to be a disregarded entity in the preparation of MDHA's federal informational return.

For the year ended December 31, 2014, MDHA had no material unrelated business income, including pass-through income from Pebbles. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing Organization's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Organization's informational returns filed in the U.S. federal jurisdiction are generally subject to examination for three years after the later of the due date or date of filing. As a result, Organization is no longer subject to income tax examinations by tax authorities for years prior to 2011.

Revenue Recognition

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Grant revenue is recognized as contract terms are fulfilled. Fees for contract management services are recognized as revenue when the contracted services are performed. Contributions and grants are considered to be available for unrestricted purposes unless restricted by a donor for specific purposes.

Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation.

Metro Dallas Homeless Alliance and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as either program services or supporting services. Specific expenses that are readily identifiable to a single program services or supporting services are charged directly to that function. However, many expenses relate to more than one function. Accordingly, certain costs have been allocated among the programs and supporting services.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. FIXED ASSETS

Fixed assets consist of the following at December 31:

	2014	2013
Office equipment	\$ 46,885	\$ 36,949
Accumulated depreciation	(21,891)	(14,005)
	<u>\$ 24,994</u>	<u>\$ 22,944</u>

Depreciation expenses were \$7,887 and \$6,746 for the years ended December 31, 2014 and 2013, respectively.

Effective December 1, 2011, MDHA and a Foundation entered into a rent-free lease agreement for land and a building with an initial term which ended on November 30, 2014. The lease was extended 10 years until November 30, 2021. As provided by the lease agreement, the Organization is required to pay utilities, repairs and maintain certain insurance and must abide by the Wilson Historic Block District Agencies Lease Compliance Expectations.

3. INVESTMENT IN JOINT VENTURE (Pebbles Apartments, LLC)

The Organization has a 50% investment in this partnership. Summarized financial information relative to the joint venture is as follows:

	2014	2013
Current / total assets (primarily cash)	<u>\$ 116,877</u>	<u>\$ 127,746</u>
Current liabilities	\$ 14,213	\$ 5,612
Partners' equity	<u>102,664</u>	<u>122,134</u>
	<u>\$ 116,877</u>	<u>\$ 127,746</u>

	2014	2013
Revenue	\$ 280,252	\$ 276,831
Net earnings (loss)	\$ (14,470)	\$ 17,720
Organization's interest in net earnings (loss)	\$ (12,235)	\$ 8,860

Metro Dallas Homeless Alliance and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE

The Organization borrowed \$200,000 under the term of a promissory note agreement with the Rees-Jones Foundation in early 2014. The promissory note is due and payable in equal monthly installments of \$20,000, payable on the last day of each calendar month, commencing on January 31, 2015 and continuing thereafter until October 31, 2015. The note is interest free if paid in full on or before the maturity date. Any unpaid principal balance not paid on or before the maturity date will be subject to prime rate interest published in the Wall Street Journal, plus three percent, compounded annually.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	2014	2013
Restricted as to use	\$ 65,940	\$ 42,793
Restricted as to time	3,741	2,385
	<u>\$ 69,681</u>	<u>\$ 45,178</u>

6. NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by passage of time or occurrence of events specified by the donors consist of the following for the year ended December 31:

	2014	2013
Fulfillment of use restrictions	\$ 55,228	\$ 99,707
Fulfillment of time restrictions	2,385	-
	<u>\$ 57,613</u>	<u>\$ 99,707</u>

7. CONTRIBUTED GOODS AND SERVICES

For the year ended December 31, 2014, the Organization received and recognized contributed goods and services for various purposes. Contributed goods and services consist of the following during the year ended December 31:

	2014	2013
Grants to other organizations	\$ 196,799	\$ 196,799
Occupancy	49,852	49,852
Legal & Accounting	15,000	10,216
Total	<u>\$ 261,651</u>	<u>\$ 256,867</u>

This amount is included in unrestricted contributions revenue in the accompanying consolidated financial statements.

Effective May 5, 2010, a ground lease (referred to as the "Master Lease") was signed between DHA and MDHA for property and apartments used by Pebbles Apartments, LLC. The property is comprised of the residential housing units to provide housing for eligible individuals who are homeless or formerly homeless. The lease is for a term of 10 years with an annual rent of \$1 per year. As required in accordance with GAAP, the estimated fair market value of the lease in excess of the lease payments in the amount of \$196,799 is recorded as an in-kind contribution and also as grants to other organizations in the accompanying consolidated statement of activities and changes in net assets.

In-kind occupancy expenses related to the donated facility received from a Foundation were \$49,852 during the years ended December 31, 2014 and 2013. These have been recognized in the accompanying consolidated statement of activities and changes in net assets.

8. COMMITMENTS, CONCENTRATIONS AND CONTINGENCIES

Two donors provided approximately \$450,000 and \$350,000 of total revenue during 2014 and 2013.

Metro Dallas Homeless Alliance and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. RETIREMENT PLAN

The Organization has a defined contribution retirement plan under United States Internal Revenue Code Section 401(k) for full-time employees who have completed three months of consecutive service. Eligible employees may elect to contribute up to 90% of their salary. The Organization did not withhold nor contribute to the plan during 2014 and is in the process of terminating the plan.

Employer retirement contributions included in personnel expenses in the accompanying consolidated statement of activities and changes in net assets were \$-0- and \$10,972 for the years ending December 31, 2014 and 2013, respectively.

10. RELATED-PARTY TRANSACTIONS

An attorney who serves as an ex-officio member of the Board of Directors provided donated legal services valued at \$15,000 and \$8,316 for the years ended December 31, 2014 and 2013, respectively. These have been recorded as contributed services in the accompanying consolidated statement of activities and changes in net assets.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2015, which is the date the consolidated financial statements were available to be issued.