

**David Lynch Foundation
For Consciousness-Based
Education and World Peace**

Financial Statements

June 30, 2016 and 2015



Independent Auditors' Report

Board of Trustees David Lynch Foundation For Consciousness-Based Education and World Peace

We have audited the accompanying financial statements of David Lynch Foundation For Consciousness-Based Education and World Peace (the "Foundation") which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 David Lynch Foundation For Consciousness-Based Education and World Peace as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

October 17, 2016

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Statements of Financial Position

	June 30	
	2016	2015
ASSETS		
Current Assets		
Cash	\$ 1,276,008	\$ 1,262,596
Certificates of deposit	1,136,675	-
Contributions receivable	3,835,981	3,664,134
Other receivables	-	9,996
Prepaid expenses	245,037	220,964
Inventory	3,225	3,650
Total Current Assets	6,496,926	5,161,340
Non-current Assets		
Contributions receivable	-	250,000
Security deposits	242,181	111,136
Property and Equipment		
Furniture and fixtures	236,614	197,369
Equipment	164,354	142,914
	400,968	340,283
Less accumulated depreciation	193,768	148,224
	207,200	192,059
Total Non-current Assets	449,381	553,195
	\$ 6,946,307	\$ 5,714,535
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 357,712	\$ 368,372
Payroll liabilities	-	64,501
Accrued vacation	46,656	36,884
Total Current Liabilities	404,368	469,757
Net Assets		
Unrestricted	6,092,495	4,095,017
Temporarily restricted	449,444	1,149,761
Total Net Assets	6,541,939	5,244,778
	\$ 6,946,307	\$ 5,714,535

See notes to financial statements

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Statements of Activities

	Year Ended					
	June 30, 2016			June 30, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 7,367,931	\$ 190,000	\$ 7,557,931	\$ 5,656,060	\$ 1,117,902	\$ 6,773,962
Special events (net of \$1,040,916 and \$109,135 direct benefit to donors for 2016 and 2015)	1,425,656	-	1,425,656	931,330	-	931,330
Grant revenue	1,286,445	320,405	1,606,850	652,420	250,000	902,420
Program revenue	114,384	-	114,384	110,541	-	110,541
Other revenue	148,614	-	148,614	390,672	-	390,672
Net assets released from restrictions	<u>1,210,722</u>	<u>(1,210,722)</u>	<u>-</u>	<u>1,677,009</u>	<u>(1,677,009)</u>	<u>-</u>
Total Support and Revenue	<u>11,553,752</u>	<u>(700,317)</u>	<u>10,853,435</u>	<u>9,418,032</u>	<u>(309,107)</u>	<u>9,108,925</u>
EXPENSES						
Program	7,724,724	-	7,724,724	5,904,514	-	5,904,514
Management and general	524,160	-	524,160	696,695	-	696,695
Fundraising	<u>1,307,390</u>	<u>-</u>	<u>1,307,390</u>	<u>1,021,765</u>	<u>-</u>	<u>1,021,765</u>
Total Expenses	<u>9,556,274</u>	<u>-</u>	<u>9,556,274</u>	<u>7,622,974</u>	<u>-</u>	<u>7,622,974</u>
Change in Net Assets	1,997,478	(700,317)	1,297,161	1,795,058	(309,107)	1,485,951
NET ASSETS						
Beginning of year	<u>4,095,017</u>	<u>1,149,761</u>	<u>5,244,778</u>	<u>2,299,959</u>	<u>1,458,868</u>	<u>3,758,827</u>
End of year	<u>\$ 6,092,495</u>	<u>\$ 449,444</u>	<u>\$ 6,541,939</u>	<u>\$ 4,095,017</u>	<u>\$ 1,149,761</u>	<u>\$ 5,244,778</u>

See notes to financial statements

**David Lynch Foundation For
Consciousness- Based Education and World Peace**

**Statement of Functional Expenses
Year Ended June 30, 2016**

	Education	OWW	Women	CLP	DLFtv	DLF Live	International	Other Programs	Total Program	Management and General	Fundraising	Total
Personnel	\$ 761,194	\$ 191,998	\$ 183,598	\$ 330,930	\$ 355,492	\$ 393,294	\$ 75,604	\$ 278,048	\$ 2,570,158	\$ 300,474	\$ 568,962	\$ 3,439,594
Grants	2,324,301	308,296	39,617	35,645	-	-	147,942	506,272	3,362,073	-	-	3,362,073
Program expenses	62,823	55,854	1,031	2,340	62	-	1,154	52,680	175,944	-	-	175,944
Program research	8,207	10,300	4,104	-	-	-	933	8,207	31,751	-	-	31,751
Retreat expenses	7,780	-	-	-	-	-	-	2,276	10,056	-	-	10,056
Production and media	1,971	1,688	321	12,873	11,046	102,167	80	756	130,902	441	251,260	382,603
Printing and advertising	535	1,494	39	2,857	103	271	-	1,433	6,732	-	71,990	78,722
Special events and annual gala	17,405	-	13	31,644	1,896	96,186	-	29,834	176,978	118	988,058	1,165,154
Cultivation expense	2,284	-	123	1,096	-	3,770	72	-	7,345	106	23,862	31,313
Consultants/website design	24,122	15,027	12	4,596	1,077	137,711	3,403	75,918	261,866	24	56,035	317,925
Occupancy	61,197	30,348	33,842	138,973	33,946	45,440	9,159	85,105	438,010	81,023	169,761	688,794
Telephone and internet	9,385	2,279	2,219	7,484	4,978	4,542	1,089	7,149	39,125	1,631	7,778	48,534
Postage and shipping	66	372	-	283	1,778	1,449	-	145	4,093	1,141	5,333	10,567
Office supplies and equipment rental	4,463	1,839	2,102	3,550	4,354	2,016	526	2,426	21,276	3,582	6,310	31,168
IT (software, hardware and web)	1,565	863	743	1,336	14,938	3,221	590	5,453	28,709	15,252	23,709	67,670
Audit	-	-	-	-	-	-	-	-	-	18,500	-	18,500
Membership and subscriptions	50	560	204	-	904	1,042	-	1,222	3,982	1,716	18,101	23,799
Professional development	5,488	466	555	686	491	506	-	811	9,003	1,396	3,758	14,157
Travel and meetings	34,683	5,088	1,364	6,931	28,193	52,915	8,465	42,818	180,457	20,960	78,527	279,944
Insurance	-	-	-	-	4,188	-	-	-	4,188	40,000	-	44,188
Legal	-	-	-	-	-	10,547	-	-	10,547	29,010	4,525	44,082
Bank and credit card fees	12,614	571	835	17,105	-	182,285	758	5,016	219,184	3,785	22,298	245,267
Donated services	-	-	-	-	-	-	-	-	-	-	39,841	39,841
Depreciation	7,750	3,188	3,644	3,644	6,376	3,188	911	3,644	32,345	5,001	8,198	45,544
	<u>3,347,883</u>	<u>630,231</u>	<u>274,366</u>	<u>601,973</u>	<u>469,822</u>	<u>1,040,550</u>	<u>250,686</u>	<u>1,109,213</u>	<u>7,724,724</u>	<u>524,160</u>	<u>2,348,306</u>	<u>10,597,190</u>
Special events direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(1,040,916)	(1,040,916)
	<u>\$ 3,347,883</u>	<u>\$ 630,231</u>	<u>\$ 274,366</u>	<u>\$ 601,973</u>	<u>\$ 469,822</u>	<u>\$ 1,040,550</u>	<u>\$ 250,686</u>	<u>\$ 1,109,213</u>	<u>\$ 7,724,724</u>	<u>\$ 524,160</u>	<u>\$ 1,307,390</u>	<u>\$ 9,556,274</u>

See notes to financial statements

**David Lynch Foundation For
Consciousness- Based Education and World Peace**

**Statement of Functional Expenses
Year Ended June 30, 2015**

	Education	OWW	Women	CLP	DLFtv	DLF Live	International	Other Programs	Total Program	Management and General	Fundraising	Total
Personnel	\$ 428,338	\$ 156,995	\$ 225,657	\$ 282,939	\$ 352,689	\$ 307,351	\$ 52,596	\$ 287,711	\$ 2,094,276	\$ 568,522	\$ 512,978	\$ 3,175,776
Grants	988,354	205,737	40,269	67,265	-	-	153,560	607,849	2,063,034	-	-	2,063,034
Program expenses	48,071	25,395	706	1,531	-	25,544	462	32,622	134,331	169	586	135,086
Program research	-	-	-	-	-	-	-	50,610	50,610	-	-	50,610
Retreat expenses	5,889	-	-	-	-	-	-	34,005	39,894	-	-	39,894
Production and media	-	-	-	1,400	12,176	110,750	-	3,132	127,458	-	52,837	180,295
Printing and advertising	1,483	3,472	2,768	11,183	54	1,516	-	799	21,275	302	50,418	71,995
Special events and annual gala	4,964	-	74	2,500	44	225,187	-	8,062	240,831	3	123,123	363,957
Cultivation expense	-	2,114	134	1,276	56	1,353	-	1,673	6,606	92	64,844	71,542
Consultants/website design	4,600	25,625	1,500	12,043	4,272	45,067	-	6,204	99,311	351	147,661	247,323
Occupancy	48,310	24,732	32,594	126,172	30,308	37,402	7,193	70,809	377,520	62,116	68,513	508,149
Telephone and internet	5,359	2,808	3,523	6,571	4,682	5,724	761	5,706	35,134	2,941	4,705	42,780
Postage and shipping	473	361	143	558	701	1,764	102	1,349	5,451	293	4,722	10,466
Office supplies and equipment rental	4,694	1,962	2,598	4,734	9,162	6,267	560	4,133	34,110	2,519	6,366	42,995
IT (software, hardware and web)	1,547	694	825	1,158	14,835	4,325	130	12,934	36,448	15,583	19,796	71,827
Audit	-	-	-	-	-	-	-	-	-	15,525	-	15,525
Membership and subscriptions	666	480	443	108	474	1,236	-	530	3,937	1,437	5,631	11,005
Professional development	513	325	303	-	288	-	-	617	2,046	299	12,976	15,321
Travel and meetings	39,348	25,937	12,735	7,080	35,391	119,159	3,763	60,197	303,610	8,856	39,169	351,635
Insurance	-	-	-	-	4,213	-	-	-	4,213	-	-	4,213
Legal	-	-	-	-	-	6,640	-	385	7,025	9,687	-	16,712
Bank and credit card fees	1,009	369	4	17,160	4	149,231	933	2,005	170,715	3,277	8,949	182,941
Donated services	-	-	-	-	-	14,907	-	-	14,907	-	1,186	16,093
Depreciation	6,011	3,005	3,435	3,864	5,152	5,152	859	4,294	31,772	4,723	6,440	42,935
	<u>1,589,629</u>	<u>480,011</u>	<u>327,711</u>	<u>547,542</u>	<u>474,501</u>	<u>1,068,575</u>	<u>220,919</u>	<u>1,195,626</u>	<u>5,904,514</u>	<u>696,695</u>	<u>1,130,900</u>	<u>7,732,109</u>
Special events direct benefit to donors	-	-	-	-	-	-	-	-	-	-	(109,135)	(109,135)
	<u>\$ 1,589,629</u>	<u>\$ 480,011</u>	<u>\$ 327,711</u>	<u>\$ 547,542</u>	<u>\$ 474,501</u>	<u>\$ 1,068,575</u>	<u>\$ 220,919</u>	<u>\$ 1,195,626</u>	<u>\$ 5,904,514</u>	<u>\$ 696,695</u>	<u>\$ 1,021,765</u>	<u>\$ 7,622,974</u>

See notes to financial statements

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Statements of Cash Flows

	Year Ended June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,297,161	\$ 1,485,951
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	45,544	42,935
Change in operating assets and liabilities		
Contributions and other receivables	88,149	(790,629)
Prepaid expenses	(24,073)	(177,889)
Inventory	425	7,639
Security deposits	(131,045)	27,390
Accounts payable	(10,660)	344,583
Grants payable	-	(250,000)
Accrued vacation and payroll liabilities	(54,729)	(9,649)
Net Cash from Operating Activities	1,210,772	680,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(1,136,675)	-
Purchase of property and equipment	(60,685)	(43,756)
Net Cash from Investing Activities	(1,197,360)	(43,756)
Net Change in Cash	13,412	636,575
CASH		
Beginning of year	1,262,596	626,021
End of year	\$ 1,276,008	\$ 1,262,596

See notes to financial statements

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2016 and 2015

1. Organization and Tax Status

Established in 2005, the David Lynch Foundation For Consciousness-Based Education and World Peace (the “Foundation”) helps to prevent and eradicate the all-pervasive epidemic of trauma and toxic stress among at-risk populations through promoting widespread implementation of the evidence-based Transcendental Meditation (TM) program in order to improve their health, cognitive capabilities and performance in life.

The Foundation also funds university and medical school research to assess the effects of the program on academic performance, ADHD and other learning disorders, anxiety, depression, blood pressure, substance abuse, cardiovascular disease, post-traumatic stress disorder, autism and diabetes.

The effectiveness of TM programs has been researched at leading medical schools including Harvard Medical School, Stanford Medical School, and Yale Medical School. These programs have received the endorsement of and support from private foundations and government agencies, including the National Institutes of Health, General Motors Foundation, the Chrysler Foundation, the Kellogg Foundation, many school districts, and state departments of corrections.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Foundation is not classified as a private foundation.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with 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.

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

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

- *Unrestricted* - net assets not subject to donor-imposed restrictions,
- *Temporarily restricted* - net assets subject to donor-imposed restrictions to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.
- *Permanently restricted* - net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2016 and 2015

Certificates of Deposit

Certificates of deposit are reported at cost plus accrued interest, which approximates fair value.

Contributions Receivable

Contributions receivable are all deemed by management to be collectable and are expected to be received within one year and are classified as current. Accordingly, there is no allowance for doubtful accounts.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out method.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments in excess of \$1,000 that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost less an allowance for depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets, which is three to five years for equipment and eight years for furniture and fixtures.

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period 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.

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

Grants

Grants to other organizations are recognized as an expense in the period where the promise to give is made. If the grant has not been paid to the recipient organization prior to year end, the Foundation reports the amounts as grants payable.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for periods prior to June 30, 2013.

Functional Allocation of Expenses

The costs of providing various programs, grants, 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 among the programs and supporting services benefited.

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through October 17, 2016, the date which the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through the evaluation date that would require adjustment to or disclosure in the financial statements.

3. Concentration of Credit Risk

The credit risk for contributions receivable at June 30, 2016 and 2015 was concentrated, with seventy-nine percent owed from one donor. The Foundation believes the risk is minimal due to the payment history of the donor. This contribution receivable is deemed collectible by management.

The Foundation expects to continue receiving funding from this source in the future due to the donor's giving histories and strong relationship with the Foundation. The Foundation has also taken significant steps to diversify and broaden its funding sources by building a stronger, more robust development team and cultivating new and deeper relationships with other foundations and individuals.

The Foundation places its cash with highly rated financial institutions. At times, cash balances may be in excess of federally insured limits.

The Foundation received approximately thirty-one percent and thirty-three percent of its total support and revenue from one donor during the years ended June 30, 2016 and 2015.

4. Certificates of Deposit

The certificates of deposit at June 30, 2016 bear interest ranging from .6% to .85% and mature on various dates from September 2016 to June 2017.

**David Lynch Foundation For
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Notes to Financial Statements
June 30, 2016 and 2015

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are/were available for the following purposes at June 30:

	2016	2015
Alcoa Foundation - OWW	\$ 33,508	\$ -
CWAE	-	8,300
Development - Dalio Family Foundation	-	350,706
Family Justice Center (Women's)	-	1,080
International Programs (Konhaus)	-	12,571
John and Amy Griffin TM Teacher Fellowship	100,000	150,000
Kuehner Brothers Foundation	100,000	150,000
Latin American Project - DLF TV	13,426	-
Los Angeles Programs	-	64,319
Other Program - Team Rubicon	9,000	9,000
OWW - Program Restriction	11,840	11,840
Pottawattomi County Veterans Office	-	6,245
Rona & Jeffrey Abramson Foundation - OWW Program	30,000	-
Rona & Jeffrey Abramson Foundation - The ARC/DC Programs	40,000	-
Rona & Jeffrey Abramson Foundation - Women's Program	30,000	-
Rosenthal Family Foundation	50,000	-
Santa Monica Police	10,700	10,700
Scholarship Fund - Donor-Advised Fund	1,000	-
The Peter G. Dodge Foundation Study	-	225,000
TTC - Outreach Program	18,970	-
Walter Reed - OWW	-	25,000
William Buhler - WI - OWW	1,000	-
Wounded Warrior Project, Save a Warrior	-	125,000
	\$ 449,444	\$ 1,149,761

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2016 and 2015

5. Temporarily Restricted Net Assets (continued)

Net assets released from restriction during the years ended June 30, 2016 and 2015 were as follows:

	2016	2015
African (Congo) PTSD Project	\$ -	\$ 2,696
Alcoa Foundation - OWW	6,492	-
Autism Study	-	98,920
California Endowment Trauma Program	-	118,111
Care Givers Project	-	2,000
Chicago Programs	-	8,828
Christ Our Savior School - IL	-	17,663
Christian Fenger HS	-	7,500
City Year	-	15,744
CWAE	8,300	-
Development - Dalio Family Foundation	350,706	397,671
Family Justice Center (Women's)	1,080	49,633
Fredrick Douglass Academy	-	1,000
HOPE Program	-	5,690
International Programs (Konhaus)	26,571	179
John and Amy Griffin TM Teacher Fellowship	50,000	100,000
Kuehner Brothers Foundation	50,000	100,000
Latin America Project - DLF TV	6,574	-
Los Angeles Programs	324,724	436,960
Loyola University of Chicago - Stritch School of Medicine	-	26,915
Mozambique	-	400
Native American - Program Restriction	-	1,217
NY Schools	-	3,000
OWW - Program Restriction	-	69,098
Palestine Peace Project - Hope School	-	7,610
Philippines	-	7,000
Pottawattomi County Veterans Office	6,245	2,701
San Francisco Aids Foundation	-	14,790
Sanctuary for Families	-	15,715
Smarak India Film Project	-	6,295
Solomon Islands	-	1,700
St. Luke's	-	8,607
Tanzania	-	22
Thailand grant	-	14,297
The Peter J. Dodge Foundation Study	225,000	-
TTC - Outreach	1,030	126,432
Walter Reed - OWW	25,000	5,000
Washington DC Navy Yard	-	1,461
William Buhler - WI - OWW	4,000	-
Wounded Warrior Project, Save a Warrior	125,000	2,154
	\$ 1,210,722	\$ 1,677,009

**David Lynch Foundation For
Consciousness-Based Education and World Peace**

Notes to Financial Statements
June 30, 2016 and 2015

6. Operating Lease Commitments

The Foundation has noncancelable operating leases as a lessee for office space in New York, Los Angeles and Chicago that expire at various dates through October 31, 2024. These leases contain renewal options and some require the Foundation to pay all executor costs such as taxes, maintenance, and insurance. Future annual minimum lease commitments under these operating leases that have remaining terms in excess of one year are as follows for years ending June 30:

2017	\$ 1,091,537
2018	1,095,076
2019	796,201
2020	678,553
2021	698,909
Thereafter	<u>2,584,802</u>
	<u>\$ 6,945,078</u>

The Foundation has noncancelable operating sublease arrangements as the lessor for office space in New York that expire at various dates through June 30, 2018. Future annual minimum lease payments under these operating years that have remaining terms in excess of one year are as follows for June 30:

2017	\$ 333,000
2018	<u>241,020</u>
	<u>\$ 574,020</u>

Rent expense totaling \$595,253 and \$442,331 for the years ended June 30, 2016 and 2015 is included in occupancy expenses on the accompanying statements of functional expenses.

7. Donated Services

The Foundation received services provided by various individuals and organizations during the year. The value of services provided is to be reported as support and expenses in the financial statements if the services meet the following criteria:

- A. The donated services would create or enhance non-financial assets; or
- B. The donated services would require specialized skills, would be performed by people with those skills, and would otherwise be purchased by the Foundation.

Using this criteria, the value of services provided to the Foundation has been reported in these financial statements, and the services have been valued using the costs applicable for each service.

Donated services for the year ended June 30, 2016 was \$39,841 for space. Donated services for the year ended June 30, 2015 was \$16,093 for pro-bono legal services.

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