

SCHOOLS THAT CAN MILWAUKEE, INC.
Milwaukee, Wisconsin

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2017 and June 30, 2016

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Independent Auditors' Report

To the Board of Directors
Schools That Can Milwaukee, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Schools That Can Milwaukee, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, 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 audits 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 Schools That Can Milwaukee, Inc. as of June 30, 2017 and 2016, 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.

September 05, 2017
Milwaukee, Wisconsin

SCHOOLS THAT CAN MILWAUKEE, INC.
Milwaukee, Wisconsin

Statements of Financial Position
June 30, 2017 and 2016

| ASSETS | <u>2017</u> | <u>2016</u> |
|---|----------------------------|----------------------------|
| Current Assets: | | |
| Cash and equivalents | \$ 930,771 | \$ 1,600,782 |
| Investments | 4,193,748 | 2,571,123 |
| Receivables | 43,771 | --- |
| Promises to give | 251,218 | 1,937,760 |
| Accrued interest | 16,271 | --- |
| Total current assets | <u>5,435,779</u> | <u>6,109,665</u> |
| Long-Term and Other Assets: | | |
| Property and equipment, net of accumulated depreciation | 10,660 | 19,291 |
| Promises to give, net of discount of \$1,020 and \$1,478, respectively | <u>53,980</u> | <u>128,522</u> |
| Total long-term and other assets | <u>64,640</u> | <u>147,813</u> |
| Total assets | <u>\$ 5,500,419</u> | <u>\$ 6,257,478</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 95,090 | \$ 78,224 |
| Net Assets: | | |
| Unrestricted: | | |
| Undesignated | 2,500,131 | 2,467,972 |
| Board designated - Operating reserve | 2,600,000 | 1,600,000 |
| Temporarily restricted | <u>305,198</u> | <u>2,111,282</u> |
| Total net assets | <u>5,405,329</u> | <u>6,179,254</u> |
| Total liabilities and net assets | <u>\$ 5,500,419</u> | <u>\$ 6,257,478</u> |

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

SCHOOLS THAT CAN MILWAUKEE, INC.

Milwaukee, Wisconsin

Statements of Activities

Years Ended June 30, 2017 and June 30, 2016

| | Year Ended June 30, 2017 | | | Year Ended June 30, 2016 | | |
|---------------------------------------|--------------------------|--------------------|---------------------|--------------------------|---------------------|---------------------|
| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
| Revenues: | | | | | | |
| Direct public support | \$ 1,663,368 | \$ 170,958 | \$ 1,834,326 | \$ 1,836,497 | \$ 693,717 | \$ 2,530,214 |
| Program service revenue | 57,216 | --- | 57,216 | 3,625 | --- | 3,625 |
| Interest and dividends | 59,111 | --- | 59,111 | 31,427 | --- | 31,427 |
| Donated goods and services | 13,850 | --- | 13,850 | 5,870 | --- | 5,870 |
| Unrealized gain (loss) on investments | (28,892) | --- | (28,892) | 23,800 | --- | 23,800 |
| Net assets released from restrictions | 1,977,042 | (1,977,042) | --- | 1,570,887 | (1,570,887) | --- |
| Total revenues | <u>3,741,695</u> | <u>(1,806,084)</u> | <u>1,935,611</u> | <u>3,472,106</u> | <u>(877,170)</u> | <u>2,594,936</u> |
| Expenses: | | | | | | |
| Program services | 2,319,525 | --- | 2,319,525 | 1,698,093 | --- | 1,698,093 |
| Supporting services: | | | | | | |
| Management and general | 214,538 | --- | 214,538 | 210,640 | --- | 210,640 |
| Fund-raising expenses | 175,473 | --- | 175,473 | 127,850 | --- | 127,850 |
| Total expenses | <u>2,709,536</u> | <u>---</u> | <u>2,709,536</u> | <u>2,036,583</u> | <u>---</u> | <u>2,036,583</u> |
| Change in net assets | 1,032,159 | (1,806,084) | (773,925) | 1,435,523 | (877,170) | 558,353 |
| Net assets, beginning of year | <u>4,067,972</u> | <u>2,111,282</u> | <u>6,179,254</u> | <u>2,632,449</u> | <u>2,988,452</u> | <u>5,620,901</u> |
| Net assets, end of year | <u>\$ 5,100,131</u> | <u>\$ 305,198</u> | <u>\$ 5,405,329</u> | <u>\$ 4,067,972</u> | <u>\$ 2,111,282</u> | <u>\$ 6,179,254</u> |

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

SCHOOLS THAT CAN MILWAUKEE, INC.
Milwaukee, Wisconsin

Statement of Functional Expenses
Year Ended June 30, 2017

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries and benefits | \$ 1,531,537 | \$ 158,700 | \$ 153,457 | \$ 1,843,694 |
| Professional services | 57,391 | 30,959 | --- | 88,350 |
| Office expenses | 37,187 | 6,396 | 8,358 | 51,941 |
| Information technology | 11,076 | 1,148 | 1,109 | 13,333 |
| Occupancy | 71,824 | 7,443 | 7,197 | 86,464 |
| Travel and meetings | 110,370 | 4,149 | 3,553 | 118,072 |
| Business expenses | 21,684 | 5,059 | 1,240 | 27,983 |
| Depreciation expense | 7,388 | 684 | 559 | 8,631 |
| School expansion | 415,700 | --- | --- | 415,700 |
| Partner school support | 55,368 | --- | --- | 55,368 |
| Total functional expenses | <u>\$ 2,319,525</u> | <u>\$ 214,538</u> | <u>\$ 175,473</u> | <u>\$ 2,709,536</u> |

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

SCHOOLS THAT CAN MILWAUKEE, INC.
Milwaukee, Wisconsin

Statement of Functional Expenses
Year Ended June 30, 2016

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries and benefits | \$ 1,313,819 | \$ 154,455 | \$ 108,802 | \$ 1,577,076 |
| Professional services | 58,609 | 18,227 | --- | 76,836 |
| Office expenses | 31,724 | 8,108 | 5,565 | 45,397 |
| Information technology | 19,919 | 2,341 | 1,650 | 23,910 |
| Occupancy | 74,282 | 8,733 | 6,151 | 89,166 |
| Travel and meetings | 70,491 | 6,515 | 3,760 | 80,766 |
| Business expenses | 16,028 | 10,937 | 1,162 | 28,127 |
| Interest expense | 517 | 61 | 42 | 620 |
| Depreciation expense | 9,604 | 1,263 | 718 | 11,585 |
| School expansion | 75,000 | --- | --- | 75,000 |
| Partner school support | 28,100 | --- | --- | 28,100 |
| | <hr/> | | | |
| Total functional expenses | <u>\$ 1,698,093</u> | <u>\$ 210,640</u> | <u>\$ 127,850</u> | <u>\$ 2,036,583</u> |

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

SCHOOLS THAT CAN MILWAUKEE, INC.

Milwaukee, Wisconsin

Statements of Cash Flows

Years Ended June 30, 2017 and June 30, 2016

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|---------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ (773,925) | \$ 558,353 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | | |
| Depreciation | 8,631 | 11,585 |
| Unrealized loss (gain) on investments | 28,892 | (23,800) |
| Changes in assets and liabilities: | | |
| Receivables | (43,771) | --- |
| Promises to give | 1,761,084 | 890,364 |
| Accrued interest | (16,271) | --- |
| Accounts payable and accrued expenses | 16,866 | 17,186 |
| Net cash provided by operating activities | <u>981,506</u> | <u>1,453,688</u> |
| Cash Flows From Investing Activities: | | |
| Loss on disposal of fixed assets | --- | (164) |
| Proceeds from sale of investments | 300,326 | 292,897 |
| Purchases of investments | (1,951,843) | (1,734,000) |
| Net cash used by investing activities | <u>(1,651,517)</u> | <u>(1,441,267)</u> |
| Cash Flows from Financing Activities: | | |
| Payments made under capital lease obligation | --- | (2,872) |
| Net cash used by financing activities | <u>---</u> | <u>(2,872)</u> |
| Net increase (decrease) in cash | (670,011) | 9,549 |
| Cash, beginning of year | <u>1,600,782</u> | <u>1,591,233</u> |
| Cash, end of year | <u>\$ 930,771</u> | <u>\$ 1,600,782</u> |
| Supplemental Cash Flow Information: | | |
| Interest paid | <u>\$ ---</u> | <u>\$ 620</u> |

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

SCHOOLS THAT CAN MILWAUKEE, INC.

Milwaukee, Wisconsin

Notes to Financial Statements

June 30, 2017 and 2016

1. Nature of Operations

Schools That Can Milwaukee, Inc. (STCM) leads an unprecedented cross-sector collaboration of talented leaders from traditional district, independent charter, and private voucher schools serving predominantly low-income students. Our mission is to ensure every single child in Milwaukee has the opportunity to attend a high-quality school. We engage, empower, and connect transformational school leaders to foster more high-quality schools for the kids and families who need them most, increasing opportunity and closing the achievement gap. Additional information can be found at the organization's website (www.stcmilwaukee.org).

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Equivalents

Cash and equivalents primarily consist of highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Receivables and Allowance for Doubtful Accounts

Receivables are reviewed periodically by management to determine the adequacy of the allowance for doubtful accounts. Based upon management's evaluation as of June 30, 2017 and 2016, an allowance for doubtful accounts was not considered necessary. Bad debt expense amounted to \$0 and \$0 for the years ended June 30, 2017 and 2016, respectively.

Promises to Give

Unconditional promises to give made to STCM are recorded in the year the promise is made. Amounts that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value based on the future cash flows.

Net Assets

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of STCM and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of STCM. STCM currently does not have net assets that are classified as permanently restricted.

SCHOOLS THAT CAN MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

2. Significant Accounting Policies (Continued)

Tax-Exempt Status

STCM has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

STCM has implemented accounting for uncertainty in income taxes in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). This standard prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosures required. STCM recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense. In management's opinion, STCM has not taken any uncertain tax positions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

STCM reports gifts of cash and other assets as restricted support, if such gifts are received with donor stipulations that limit the time or use of the donated assets. When a donor 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expense Allocation

Expenses are recognized when they are incurred. Expenses are summarized on a functional basis in the statements of functional expenses and, accordingly, certain costs have been allocated between the functional expense categories as appropriate.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, September 05, 2017. There were no subsequent events that required recognition or disclosure.

SCHOOLS THAT CAN MILWAUKEE, INC.

Milwaukee, Wisconsin

Notes to Financial Statements

June 30, 2017 and 2016

(Continued)

2. Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' useful lives. STCM's capitalization policy is to capitalize fixed asset purchases greater than \$5,000.

Expenditures for maintenance and repairs are charged against income as incurred. The cost and accumulated depreciation of property and equipment disposed of are removed from the accounts and the corresponding gains and losses are included in the statements of activities.

Investments

U.S. GAAP provides the 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

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

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; 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 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. There have been no changes in the methodologies used at June 30, 2017 and 2016.

US treasury notes and corporate bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Valued at the estimated market values as provided by outside parties.

SCHOOLS THAT CAN MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

2. Significant Accounting Policies (Continued)

Investments (Continued)

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

3. Promises to Give

Promises to give as of June 30, 2017 and 2016 are expected to be received as follows:

| | June 30, | |
|---------------------------------|-------------------|---------------------|
| | 2017 | 2016 |
| In one year or less | \$ 251,218 | \$ 1,937,760 |
| Between one year and four years | 55,000 | 130,000 |
| Less: Present value discount | (1,020) | (1,478) |
| | \$ 305,198 | \$ 2,066,282 |
| Net promises to give | \$ 305,198 | \$ 2,066,282 |

Management has determined that the promises to give are fully collectible; therefore, no allowance for uncollectible promises to give is considered necessary at June 30, 2017 and 2016.

Pledges receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

| | June 30, | |
|--|-------------------|---------------------|
| | 2017 | 2016 |
| Restricted by time of use | \$ 155,198 | \$ 1,966,282 |
| Restricted by time and nature of use | 150,000 | 100,000 |
| Restricted by nature of use | --- | 45,000 |
| | \$ 305,198 | \$ 2,111,282 |
| Total temporarily restricted net assets | \$ 305,198 | \$ 2,111,282 |

Net assets released from restrictions during the years ended June 30, 2017 and 2016 amounted to \$1,977,042 and \$1,570,887, respectively, and were attributable to the satisfaction of time restrictions relating to promises to give and the satisfaction of the nature of use restrictions.

5. Unrestricted Designated Net Assets

Unrestricted designated net assets consist of \$2,600,000 and \$1,600,000 at June 30, 2017 and 2016, respectively. This amount has been designated by the Board as an operating reserve.

SCHOOLS THAT CAN MILWAUKEE, INC.

Milwaukee, Wisconsin

Notes to Financial Statements

June 30, 2017 and 2016

(Continued)

6. Grants Payable

During the year ended June 30, 2016, STCM authorized a grant to an area school in the amount of \$250,000 for the school's expansion; \$100,000 and \$75,000 of which was paid during the years ended June 30, 2017 and 2016, respectively. The remaining \$75,000 is contingent on the school meeting certain enrollment and performance thresholds. The conditional funds will be considered unconditional when the contingency requirements are met.

During the year ended June 30, 2017, STCM authorized grants to area schools in the amount of \$1,750,000 for the schools' expansion, \$315,700 of which was paid during the year ended June 30, 2017. The remaining \$1,434,000 is contingent on the schools meeting certain enrollment and performance thresholds. The conditional funds will be considered unconditional when the contingency requirements are met.

7. Contributed Materials and Services

STCM recognizes various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

STCM received contributed professional services during the years ended June 30, 2017 and 2016 with fair values of \$13,805 and \$2,080, respectively.

STCM received contributed goods during the years ended June 30, 2017 and 2016 with fair values of \$45 and \$3,790, respectively.

8. Lease Commitments

Operating Leases

On June 26, 2013, STCM entered into a lease for new office space commencing in August 2013 with an expiration date five years and six months after the date of lease commencement. In addition, STCM entered into a lease commencing in June 2016 for a copy machine. The future minimum rental payments required under the leases are as follows:

| Year Ended June 30, | Total |
|--------------------------------|------------------|
| 2018 | \$ 47,111 |
| 2019 | 33,488 |
| Total | \$ 80,599 |

Rent expense for the years ended June 30, 2017 and 2016 amounted to \$80,811 and \$82,839, respectively. Included in the rent expense are operating charges.

The minimum rental payments listed above do not include operating charges for office space expected to be charged by the lessor.

SCHOOLS THAT CAN MILWAUKEE, INC.

Milwaukee, Wisconsin

Notes to Financial Statements

June 30, 2017 and 2016

(Continued)

9. Retirement Plan

STCM sponsors a retirement plan for all eligible employees. Full-time employees scheduled to work 30 or more hours per week are eligible for the plan after one month of service with STCM. STCM matches 100% of the amount an eligible employee contributes up to 3% of eligible compensation. Contributions to the plan for the years ended June 30, 2017 and 2016 amounted to \$32,426 and \$25,610, respectively.

10. Property and Equipment

At June 30, 2017 and 2016, the recorded value of property and equipment was as follows:

| | | | | |
|-------------------------------|-----------|---------------|-----------|---------------|
| Equipment | \$ | 43,155 | \$ | 43,155 |
| Less accumulated depreciation | | (32,495) | | (23,684) |
| Total | \$ | 10,660 | \$ | 19,291 |

Depreciation expense amounted to \$8,631 and \$11,585 for the years ended June 30, 2017 and 2016, respectively.

11. Investments

At June 30, 2017, the cost and fair value of investments consisted of the following:

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------|--------------|-------------------|
| US Treasury notes | \$ 1,099,887 | \$ 1,098,748 |
| Certificates of deposit | 2,099,937 | 2,112,455 |
| Mutual funds | 981,927 | 982,545 |

At June 30, 2016, the cost and fair value of investments consisted of the following:

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------|--------------|-------------------|
| US Treasury notes | \$ 1,101,341 | \$ 1,121,952 |
| Certificates of deposit | 518,000 | 536,044 |
| Mutual funds | 912,000 | 913,127 |

For the years ended June 30, 2017 and 2016, STCM had an unrealized gain (loss) of \$(28,892) and \$23,800, respectively.

SCHOOLS THAT CAN MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

11. Investments (Continued)

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of June 30, 2017:

| <u>Description</u> | <u>Totals</u> | <u>Fair Value Measurement at Reporting Date Using</u> | | |
|-------------------------|---------------------|---|--|--|
| | | <u>Quoted Prices in Active markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| US Treasury notes | \$ 1,098,748 | \$ --- | \$ 1,098,748 | \$ --- |
| Certificates of deposit | 2,112,455 | --- | 2,112,455 | --- |
| Mutual funds | 982,545 | 982,545 | --- | --- |
| Total | \$ 4,193,748 | \$ 982,545 | \$ 3,211,203 | \$ --- |

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of June 30, 2016:

| <u>Description</u> | <u>Totals</u> | <u>Fair Value Measurement at Reporting Date Using</u> | | |
|-------------------------|---------------------|---|--|--|
| | | <u>Quoted Prices in Active markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| US Treasury notes | \$ 1,121,952 | \$ --- | \$ 1,121,952 | \$ --- |
| Certificates of deposit | 536,044 | --- | 536,044 | --- |
| Corporate bonds | 913,127 | 913,127 | --- | --- |
| Total | \$ 2,571,123 | \$ 913,127 | \$ 1,657,996 | \$ --- |