



Audited Financial Statements

June 30, 2016

Independent Auditors' Report

To the Board of Directors of
iMentor, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of iMentor, Inc. ("iMentor"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

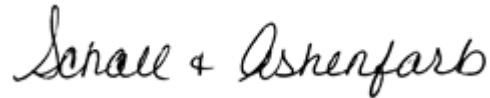
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of iMentor, Inc. as of June 30, 2016, and the changes in net assets and their 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 have previously audited iMentor's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

January 24, 2017

iMENTOR, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2016
(With comparative totals at June 30, 2015)

	<u>6/30/16</u>	<u>6/30/15</u>
Assets		
Cash and cash equivalents	\$11,409,339	\$13,652,298
Contributions and grants receivable (Note 3)	6,008,879	9,253,911
Prepaid expenses	96,562	191,504
Investments (Note 4)	5,784,747	5,198,499
Fixed assets (net of accumulated depreciation) (Note 5)	2,581,505	2,155,029
Security deposits	<u>301,537</u>	<u>274,004</u>
 Total assets	 <u><u>\$26,182,569</u></u>	 <u><u>\$30,725,245</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$1,231,791	\$1,058,586
Deferred revenue	67,500	15,000
Deferred rent	<u>348,813</u>	<u>402,617</u>
 Total liabilities	 <u><u>1,648,104</u></u>	 <u><u>1,476,203</u></u>
Net assets:		
Unrestricted	7,068,527	7,547,790
Temporarily restricted (Note 6)	13,564,938	17,800,252
Permanently restricted (Note 7)	<u>3,901,000</u>	<u>3,901,000</u>
 Total net assets	 <u><u>24,534,465</u></u>	 <u><u>29,249,042</u></u>
 Total liabilities and net assets	 <u><u>\$26,182,569</u></u>	 <u><u>\$30,725,245</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

(With comparative totals for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 6/30/16</u>	<u>Total 6/30/15</u>
Public support and revenue:					
Contributions:					
Board contributions	\$772,688			\$772,688	\$634,672
Other individual contributions	290,535			290,535	143,139
Foundation contributions	187,774	\$3,366,700		3,554,474	4,467,748
Corporate contributions	570,275	500,000		1,070,275	502,814
Growth campaign contributions	17	1,051,000		1,051,017	2,053,336
Government grants				0	250,000
In-kind contributions	121,128			121,128	332,959
Special events	2,341,283			2,341,283	4,640,650
Partner program fees	457,500			457,500	414,073
NYC program fees	1,373,050			1,373,050	1,245,700
Chicago program fees	60,300			60,300	0
Rental income	53,240			53,240	0
Other income	16,663			16,663	16,359
Investment income (Note 4)	157,416	(67,279)		90,137	152,467
Net assets released from restriction (Note 6)	9,085,735	(9,085,735)		0	0
Total public support and revenue	<u>15,487,604</u>	<u>(4,235,314)</u>	<u>0</u>	<u>11,252,290</u>	<u>14,853,917</u>
Expenses:					
Program services	11,316,563			11,316,563	10,285,632
Supporting services:					
Management and general	2,954,539			2,954,539	2,116,540
Fundraising	1,626,746			1,626,746	1,382,311
Total supporting services	<u>4,581,285</u>	<u>0</u>	<u>0</u>	<u>4,581,285</u>	<u>3,498,851</u>
Total expenses	<u>15,897,848</u>	<u>0</u>	<u>0</u>	<u>15,897,848</u>	<u>13,784,483</u>
Change in net assets from operations	<u>(410,244)</u>	<u>(4,235,314)</u>	<u>0</u>	<u>(4,645,558)</u>	<u>1,069,434</u>
Non-operating activity:					
Loss on disposal of fixed assets	(69,019)			(69,019)	(45,307)
Total non-operating activity	<u>(69,019)</u>	<u>0</u>	<u>0</u>	<u>(69,019)</u>	<u>(45,307)</u>
Total change in net assets	(479,263)	(4,235,314)	0	(4,714,577)	1,024,127
Net assets - beginning of year	<u>7,547,790</u>	<u>17,800,252</u>	<u>3,901,000</u>	<u>29,249,042</u>	<u>28,224,915</u>
Net assets - end of year	<u>\$7,068,527</u>	<u>\$13,564,938</u>	<u>\$3,901,000</u>	<u>\$24,534,465</u>	<u>\$29,249,042</u>

The attached notes and auditors' report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(With comparative totals for the year ended June 30, 2015)

	Program Services			Supporting Services		Total Expenses 6/30/16	Total Expenses 6/30/15
	Direct Service	National Program	Total Program Services	Management and General	Fundraising		
Salaries	\$3,995,473	\$2,318,705	\$6,314,178	\$1,663,582	\$850,348	\$2,513,930	\$7,324,892
Payroll taxes and benefits	935,957	468,127	1,404,084	360,865	179,456	540,321	1,687,734
Occupancy	718,046	193,471	911,517	247,393	96,467	343,860	1,117,696
Insurance	81,391	21,419	102,810	27,720	10,709	38,429	123,682
Professional fees (including in-kind of \$121,128)	138,303	140,209	278,512	280,776	263,801	544,577	901,235
Talent development	54,596	40,098	94,694	61,628	6,595	68,223	168,775
Office supplies and expenses	19,448	4,453	23,901	8,650	6,000	14,650	32,716
Advertising and marketing	129,843	784	130,627	40,125	39,548	79,673	180,281
Dues and subscriptions	2,624	4,383	7,007	14,575	7,818	22,393	23,564
Equipment lease and rental	12,515	4,035	16,550	4,743	2,003	6,746	19,303
Other expenses	33,918	8,496	42,414	30,864	76,943	107,807	112,355
Software and equipment	88,774	125,763	214,537	58,647	8,281	66,928	162,954
Photography and video	10,669		10,669	11,635	11,942	23,577	51,278
Research and evaluation		241,749	241,749			0	329,647
IT/telecommunications	125,509	25,348	150,857	31,579	12,809	44,388	192,535
Platform hosting	76,904	79,144	156,048			0	154,293
Travel and conferences	64,728	92,757	157,485	56,287	32,046	88,333	165,102
Program events	269,834	2,900	272,734			0	296,524
Background investigations	112,921	625	113,546	1,146	250	1,396	79,816
Depreciation and amortization	440,464	232,180	672,644	54,324	21,730	76,054	660,101
Total	\$7,311,917	\$4,004,646	\$11,316,563	\$2,954,539	\$1,626,746	\$4,581,285	\$13,784,483

The attached notes and auditors' report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With comparative totals for the year ended June 30, 2015)

	6/30/16	6/30/15
Cash flows from operating activities:		
Change in net assets	(\$4,714,577)	\$1,024,127
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation and amortization	748,698	660,101
Unrealized loss/(gain) on investments	64,507	(26,241)
Realized loss/(gain) on investments	2,772	(14,484)
Loss on disposal of fixed assets	69,019	45,307
Donated stock	(718,704)	0
Changes in assets and liabilities:		
Contributions and grants receivable	3,245,032	3,715,211
Prepaid expenses	94,942	(42,435)
Security deposits	(27,533)	(9,567)
Accounts payable and accrued expenses	173,205	299,388
Deferred revenue	52,500	(497,390)
Deferred rent	(53,804)	(25,547)
Total adjustments	3,650,634	4,104,343
Net cash flows (used for)/provided by operating activities	(1,063,943)	5,128,470
Cash flows from investing activities:		
Purchase of fixed assets	(1,244,193)	(2,089,480)
Purchase of investments	(150,602)	(1,277,247)
Proceeds from sale of donated stock	215,779	0
Proceeds from sale of investments	0	1,184,784
Net cash flows used for investing activities	(1,179,016)	(2,181,943)
Net (decrease)/increase in cash and cash equivalents	(2,242,959)	2,946,527
Cash and cash equivalents - beginning of year	13,652,298	10,705,771
Cash and cash equivalents - end of year	\$11,409,339	\$13,652,298

No interest or income taxes were paid.

The attached notes and auditors' report are an integral part of these financial statements.

iMENTOR, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Nature of Entity

iMentor, Inc. (“iMentor”) is a not-for-profit organization that partners with public high schools in low-income communities, where a majority of students will be first generation college graduates. We build mentoring relationships which empower students to navigate high school, succeed in college, and achieve their ambitions. Since 1999, we have matched more than 20,000 students with mentors. Our model harnesses the power of long-term, personal relationships to help students succeed. Each year, we recruit thousands of volunteers who commit to mentor a high school student for at least three years. iMentor is expanding to serve more students in New York, Chicago and the San Francisco Bay Area. We are partnering with local nonprofits, a host of corporations and foundations, and school districts to make the difference for every student we serve. iMentor provides two core programs:

- iMentor Direct Service is a school-based mentoring program matching high school students in one-to-one relationships with college-educated mentors for at least three years. iMentor partners with public schools to ensure every student receives a mentor and augments existing guidance and college counseling programs.
- iMentor Partner Programs is a national partnership program that brings iMentor’s effective mentoring model to communities nationwide. iMentor provides its curriculum, technology tools, and best practices to non-profits across the country to help them run effective programs in the iMentor model.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

iMentor reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions.
- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity.

c. Revenue Recognition

Contributions are considered available for general use and are recorded in the unrestricted class of net assets, unless the donor has made a specific restriction as to time or purpose. Those restricted contributions are recorded as temporarily or permanently restricted net assets, depending on the nature of the donor restriction. When a 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 restriction. Contributions received with restrictions that expire within the same reporting period are reported as unrestricted.

Government grants are reviewed to determine if they have traits more similar to contributions or exchange transactions. All government grants have been determined to be exchange transactions and are recognized as income when earned. The difference between cash received and amounts recognized as income are reflected as grants receivable or refundable advances.

Income earned under program service agreements are recognized when iMentor meets the obligations under the agreements.

d. Cash and Cash Equivalents

All liquid investments that are not restricted and have an initial maturity of three months or less are reflected as cash and cash equivalents. Amounts held by the investment custodian for long-term purposes are included with investments.

e. Concentration of Credit Risk

Financial instruments which potentially subject iMentor to concentration of credit risk consist of cash, money market accounts and investment securities. iMentor invests with financial institutions that management deems to be creditworthy. Uninsured balances were \$10,700,896 and \$13,173,154, at June 30, 2016 and 2015, respectively. However, iMentor has not experienced any losses due to the failure of any financial institution.

f. Contributions Receivable

Contributions receivable are recorded when a pledge is considered unconditional in nature. Contributions are recognized at net realizable value if expected to be received within one year, or at fair value using risk-adjusted present value techniques if expected to be received in more than one year.

Pledges are reviewed for collectability using past experience, historical trends and specific knowledge of each donor. Management deems all pledges to be collectable and has not established a reserve for uncollectable pledges.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional pledges that have not been recognized amounted to \$2,250,000 and \$3,000,000 at June 30, 2016 and 2015, respectively.

g. Investments

Investments are stated at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the

measurement date. Realized and unrealized gains and losses are included in income on the statement of activities.

h. Fixed Assets

Fixed assets to which iMentor retains title and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of leasehold improvements, furniture, equipment and computers, and include the technology platform and the iMentor.org website. All fixed assets are depreciated over the estimated useful life of the respective asset or lease term using the straight-line method.

i. Deferred Rent

Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease, is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

j. Donated Services

iMentor recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically be purchased if not donated. In-kind services of \$121,128 and \$332,959 have been recognized in 2016 and 2015, respectively.

k. Promotional Costs

Promotional costs are expensed as incurred.

l. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

m. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for overall support and direction.

n. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2015, from which the summarized information was derived.

o. Tax Status

iMentor is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

iMentor does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2013 and later are subject to examination by applicable taxing authorities.

p. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 24, 2017, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

q. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 fiscal year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

iMentor has not yet evaluated the impact these standards will have on future statements.

Note 3 - Contributions Receivable

Contributions receivable are due as follows:

Year ending:	June 30, 2017	\$4,080,730
	June 30, 2018	1,400,000
	June 30, 2019	0
	June 30, 2020	0
	June 30, 2021	0
Greater than five years		<u>685,754</u>
		6,166,484
Less: fair value discount at 2%		<u>(157,605)</u>
Total		<u>\$6,008,879</u>

Note 4 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that iMentor has the ability to access.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2016 and June 30, 2015, all investments were considered to be level 1 securities and consist of the following:

	<u>6/30/16</u>	<u>6/30/15</u>
U.S. Treasuries Money Fund	\$552,833	\$516,729
Common Stocks – Large Cap	500,218	0
Mutual Funds:		
Diversified Bond Fund	2,166,265	2,168,913
Exchange Traded Funds:		
Commodity Index Fund	<u>2,565,431</u>	<u>2,512,857</u>
Total	<u>\$5,784,747</u>	<u>\$5,198,499</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on.

Investment income for the years ended June 30, 2016 and June 30, 2015 is as follows:

	<u>6/30/16</u>	<u>6/30/15</u>
Interest and dividends – endowment	\$153,309	\$92,463
Interest and dividends – other	4,107	19,279
Realized (loss)/gain		
on sale of investments	(2,772)	14,484
Unrealized (loss)/gain	<u>(64,507)</u>	<u>26,241</u>
Total	<u>\$90,137</u>	<u>\$152,467</u>

All investments, except for the \$500,218 in large cap common stocks are specifically designated towards the endowment.

Note 5 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Useful Life</u>
Website and computer software	\$4,777,527	\$4,160,185	3-5 years
Computers and equipment	364,283	264,501	3 years
Leasehold improvements	581,823	581,823	5 years
Furniture and fixtures	<u>254,838</u>	<u>254,173</u>	7 years
	5,978,471	5,260,682	
Less: accumulated depreciation and amortization	<u>(3,396,966)</u>	<u>(3,105,653)</u>	
Fixed assets – net	<u>\$2,581,505</u>	<u>\$2,155,029</u>	

Note 6 - Temporarily Restricted Net Assets

Net assets were released from restriction for the following purposes:

	<u>6/30/16</u>	<u>6/30/15</u>
Satisfaction of program purposes:		
Growth Campaign	\$5,153,921	\$4,803,587
Chicago Expansion	673,329	0
Social Innovation Fund	1,593,526	1,610,918
Other programs	<u>1,064,959</u>	<u>1,437,363</u>
Total programs	8,485,735	7,851,868
Specific time periods	<u>600,000</u>	<u>0</u>
Total	<u>\$9,085,735</u>	<u>\$7,851,868</u>

Temporarily restricted net assets were available for:

	<u>6/30/16</u>	<u>6/30/15</u>
Programs:		
Growth Campaign	\$10,307,840	\$14,410,761
Chicago Expansion	356,864	0
Social Innovation Fund	0	493,526
Other programs	<u>1,059,524</u>	<u>387,976</u>
Total programs	11,724,228	15,292,263
Endowment	654,957	722,236
Specific time periods	<u>1,185,753</u>	<u>1,785,753</u>
Total	<u>\$13,564,938</u>	<u>\$17,800,252</u>

Note 7 - Permanently Restricted Net Assets/Endowment Funds

iMentor has an endowment fund that was established in June 2008. The interest and dividends from these investments can be used to support iMentor's general activities. Additionally, the endowment includes earnings from investment gains that have not been designated for specific use by the donor and have not yet been appropriated by the Board of Directors. These have been classified as temporarily restricted until appropriated for expenditure by the Board.

Interpretation of Relevant Law

iMentor follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the Board of Directors has interpreted to require certain amounts be retained permanently. Absent explicit donor stipulations to the contrary, iMentor will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, iMentor has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, iMentor classifies as permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent

endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor stipulations, when endowment funds have earnings in excess of amounts that need to be retained permanently, these excess amounts are classified as temporarily restricted net assets until appropriated for expenditure by the organization's governing board.

Spending Policies

In accordance with NYPMIFA, iMentor considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of iMentor and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of iMentor
- (7) The investment policies of iMentor
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on iMentor

Changes in endowment net assets for the year ended:

	June 30, 2016			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$575,263	\$722,236	\$3,901,000	\$5,198,499
Interest and dividend income	153,309	0	0	153,309
Unrealized loss	0	(64,507)	0	(64,507)
Realized loss on investments	<u>0</u>	<u>(2,772)</u>	<u>0</u>	<u>(2,772)</u>
Endowment net assets, end of year	<u>\$728,572</u>	<u>\$654,957</u>	<u>\$3,901,000</u>	<u>\$5,284,529</u>
	June 30, 2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$482,800	\$681,511	\$3,901,000	\$5,065,311
Interest and dividend income	92,463	0	0	92,463
Unrealized gain	0	26,241	0	26,241
Realized gain on investments	<u>0</u>	<u>14,484</u>	<u>0</u>	<u>14,484</u>
Endowment net assets, end of year	<u>\$575,263</u>	<u>\$722,236</u>	<u>\$3,901,000</u>	<u>\$5,198,499</u>

Endowment Investment Policies

iMentor has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends and other market value gains for future appropriation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires iMentor to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2016 or 2015.

Note 8 - Commitments and Contingencies

iMentor has various separate non-cancelable leases for office spaces in New York City and Chicago that expire at various dates from 2016 through 2019. The minimum annual commitments for lease payments are as follows:

Year ending:	June 30, 2017	\$1,144,265
	June 30, 2018	1,100,724
	June 30, 2019	1,125,037
	June 30, 2020	<u>476,891</u>
Total		<u>\$3,846,917</u>

Government supported projects are subject to audit by the applicable granting agency.

iMentor has a contract with another entity to complete a multi-year evaluation study. The total commitment under the agreement is \$967,812 through 2018. Remaining payments as of June 30, 2016 totaled \$317,158.

Effective October 14, 2016, iMentor now maintains a revolving line of credit agreement with a financial institution whereby it is permitted to borrow a maximum of \$2,000,000 with an interest rate of LIBOR plus 2.50%. The line of credit expires on October 14, 2017. The line is collateralized against iMentor's inventory, equipment and receivables.

Note 9 - Related Party Transactions

The majority of donated legal services were performed by a law firm of which a member of the Board of Directors is a partner.

Note 10 - Risk and Uncertainties

iMentor has investments that are exposed to various risks such as interest rate, market and credit risks. Changes in the value of investment securities may occur in the near term and such changes could affect the amounts reported in the statement of financial position.

iMentor is exposed to various risks of loss-related torts. Such risks include, but are not limited to: theft, damage and/or destruction of assets; actions of employees; and natural disasters.

Note 11 - Retirement Plan

iMentor has a tax deferred annuity plan under IRS section 401(k) for employees that have completed 3 months of service and are at least 21 years of age. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable Federal and state guidelines governing deferred compensation programs. iMentor provides a 4% employer match on employee contributions. During the years ended June 30, 2016 and 2015, iMentor contributed \$215,882 and \$176,473 to the plan, respectively.