FOSTER CARE COALITION OF
GREATER ST. LOUIS, INC.
D/B/A FOSTER AND ADOPTIVE CARE COALITION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE
YEARS ENDED DECEMBER 31, 2015 AND 2014

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition

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SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
St. Louis, Missouri

We have audited the accompanying financial statements of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition as of December 31, 2015 and 2014, 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.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
June 14, 2016

FINANCIAL STATEMENTS

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	$ 281,083	$ 256,640
Accounts receivable		
United Way	266,404	217,195
Grants and other	676,537	779,937
Inventory	19,186	37,384
Investments	685,309	684,558
Property and equipment, net	125,498	255,554
Deposits	10,000	10,000
TOTAL ASSETS	$ 2,064,017	$ 2,241,268

LIABILITIES AND NET ASSETS

	2015	2014
LIABILITIES		
Accounts payable	$ 8,232	$ 46,152
Accrued expenses	280	28,166
Deferred rent	34,412	37,338
Total Liabilities	42,924	111,656
NET ASSETS		
Unrestricted	1,010,419	1,085,117
Temporarily restricted	585,674	639,495
Permanently restricted	425,000	405,000
Total Net Assets	2,021,093	2,129,612
TOTAL LIABILITIES AND NET ASSETS	$ 2,064,017	$ 2,241,268

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Grants	$ 1,590,051	$ 328,011	$ -	$ 1,918,062
United Way allocation	793	266,404	-	267,197
Contributions	418,051	100,000	20,000	538,051
Special events, net of direct expenses of $68,597 and $92,701, respectively	250,243	-	-	250,243
Return on investments	(4,991)	(1,041)	(5,591)	(11,623)
Other income	7,400	-	-	7,400
Retail store revenue, net of operating expenses	(38,790)	-	-	(38,790)
Net assets released from restrictions	741,604	(747,195)	5,591	-
Total Public Support and Revenue	2,964,361	(53,821)	20,000	2,930,540
EXPENSES				
Program Services				
Recruitment	1,135,294	-	-	1,135,294
Retention	1,390,032	-	-	1,390,032
Total Program Services	2,525,326	-	-	2,525,326
Supporting Services				
Management and general	102,049	-	-	102,049
Fundraising	411,684	-	-	411,684
Total Supporting Services	513,733	-	-	513,733
Total Expenses	3,039,059	-	-	3,039,059
CHANGE IN NET ASSETS	(74,698)	(53,821)	20,000	(108,519)
NET ASSETS, Beginning of year	1,085,117	639,495	405,000	2,129,612
NET ASSETS, End of year	$ 1,010,419	$ 585,674	$ 425,000	$ 2,021,093

Year Ended December 31, 2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 871,396	$ 395,706	$ -	$ 1,267,102
1,759	217,195	-	218,954
514,543	180,000	30,000	724,543
243,816	-	-	243,816
(3,441)	(14,723)	22,874	4,710
4,150	-	-	4,150
(46,036)	-	-	(46,036)
930,890	(908,016)	(22,874)	-
2,517,077	(129,838)	30,000	2,417,239
904,350	-	-	904,350
1,175,993	-	-	1,175,993
2,080,343	-	-	2,080,343
106,919	-	-	106,919
317,366	-	-	317,366
424,285	-	-	424,285
2,504,628	-	-	2,504,628
12,449	(129,838)	30,000	(87,389)
1,072,668	769,333	375,000	2,217,001
$ 1,085,117	$ 639,495	$ 405,000	$ 2,129,612

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Program Services			Supporting Services			
	Recruitment	Retention	Total	Management and General	Fund-Raising	Total	Total
Salaries and wages	$ 714,699	$ 599,243	$ 1,313,942	$ 64,591	$ 236,242	$ 300,833	$ 1,614,775
Payroll taxes	56,677	47,522	104,199	5,122	18,735	23,857	128,056
Employee benefits	129,535	108,609	238,144	11,706	42,817	54,523	292,667
Total Salaries and Related Expenses	900,911	755,374	1,656,285	81,419	297,794	379,213	2,035,498
Specific assistance to individuals							
Holiday Wishes	-	188,820	188,820	-	-	-	188,820
Little Wishes	-	14,274	14,274	-	-	-	14,274
Professional fees	48,900	227,062	275,962	4,418	30,179	34,597	310,559
Occupancy, including depreciation	110,447	93,992	204,439	9,981	50,058	60,039	264,478
Travel	4,428	34,532	38,960	399	1,464	1,863	40,823
Conferences and meetings	22,894	32,056	54,950	1,662	8,868	10,530	65,480
Printing and publications	8,308	6,965	15,273	751	6,914	7,665	22,938
Insurance	11,417	9,573	20,990	1,032	3,774	4,806	25,796
Telephone	13,099	9,675	22,774	1,043	4,965	6,008	28,782
Supplies	6,983	11,081	18,064	630	4,294	4,924	22,988
Postage and shipping	4,187	3,510	7,697	378	2,146	2,524	10,221
Membership dues	3,720	3,118	6,838	336	1,228	1,564	8,402
Total Expenses By Function	$ 1,135,294	$ 1,390,032	$ 2,525,326	$ 102,049	$ 411,684	$ 513,733	$ 3,039,059
Percent of Total Expenses	37.4%	45.7%	83.1%	3.4%	13.5%	16.9%	100.0%

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Program Services			Supporting Services			
	Recruitment	Retention	Total	Management and General	Fund-Raising	Total	Total
Salaries and wages	$ 499,463	$ 532,686	$ 1,032,149	$ 61,138	$ 169,899	$ 231,037	$ 1,263,186
Payroll taxes	40,230	42,907	83,137	4,925	13,685	18,610	101,747
Employee benefits	102,180	108,977	211,157	12,507	34,758	47,265	258,422
Total Salaries and Related Expenses	641,873	684,570	1,326,443	78,570	218,342	296,912	1,623,355
Specific assistance to individuals							
Holiday Wishes	-	183,712	183,712	-	-	-	183,712
Little Wishes	-	10,042	10,042	-	-	-	10,042
Professional fees	90,953	117,627	208,580	10,236	39,164	49,400	257,980
Occupancy, including depreciation	85,361	94,568	179,929	10,448	33,586	44,034	223,963
Travel	30,305	8,674	38,979	995	2,767	3,762	42,741
Conferences and meetings	13,836	33,434	47,270	1,695	5,320	7,015	54,285
Printing and publications	11,628	12,403	24,031	1,423	5,105	6,528	30,559
Insurance	9,148	9,756	18,904	1,120	3,112	4,232	23,136
Telephone	9,021	8,390	17,411	963	4,024	4,987	22,398
Supplies	4,884	5,127	10,011	587	3,494	4,081	14,092
Postage and shipping	6,725	7,034	13,759	807	2,244	3,051	16,810
Membership dues	616	656	1,272	75	208	283	1,555
Total Expenses By Function	$ 904,350	$ 1,175,993	$ 2,080,343	$ 106,919	$ 317,366	$ 424,285	$ 2,504,628
Percent of Total Expenses	36.1%	47.0%	83.1%	4.2%	12.7%	16.9%	100.0%

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2015	Years Ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	($ 108,519)	($ 87,389)
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	130,056	127,840
Donated investments	(8,012)	(39,709)
Realized and unrealized loss (gain) on investments	11,769	(4,225)
(Increase) decrease in assets:		
Grants and other receivable	54,191	(130,928)
Inventory	18,198	5,654
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(65,806)	2,028
Deferred rent	(2,926)	(24,828)
Net Change in Cash and Cash Equivalents from Operating Activities	28,951	(151,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,479,445)	(1,837,202)
Received from sale of investments	1,474,937	1,878,666
Purchase of property and equipment	-	(24,672)
Net Change in Cash and Cash Equivalents from Investing Activities	(4,508)	16,792
NET CHANGE IN CASH AND CASH EQUIVALENTS	24,443	(134,765)
CASH AND CASH EQUIVALENTS, Beginning of year	256,640	391,405
CASH AND CASH EQUIVALENTS, End of year	$ 281,083	$ 256,640

See accompanying notes to financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (the "Coalition") is a not-for-profit corporation established in 1985. The Coalition strives to create permanency in every foster child's life by recruiting and supporting foster and adoptive families in the St. Louis metropolitan community. The Coalition works to achieve its mission through programs directed toward recruitment and retention.

Financial Statement Presentation

The financial statements report amounts by classes of net assets, as follows:

Unrestricted Net Assets – are those which have no donor restrictions and are currently available for use by the Coalition.

Temporarily Restricted Net Assets – are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Concentration of Credit Risk

The Coalition generates receivables and revenues from grant agencies in the normal course of business. The organizations are located throughout the St. Louis metropolitan area. The Coalition does not require collateral to secure receivables from these agencies.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and short term investments that can be converted into cash within three months or less from time of purchase.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents *(Continued)*

Cash balances held at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Coalition did not exceed the FDIC insured limit as of December 31, 2015 and 2014, respectively. The Coalition has not experienced and does not anticipate any losses in such accounts.

During 2015 and 2014, for cash flow reporting purposes, no cash payments relating to interest or income tax were made.

Grants and Other Receivable

Grants and other receivable are carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. No allowance was deemed necessary as of December 31, 2015 and 2014.

Contributions and Grants

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Coalition reports gifts of cash, grants and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the temporarily restricted class for restrictions expiring during the year, and then transferred to the unrestricted class.

Revenue Recognition

Grant and contribution revenues are recognized when the amount is awarded by the donor. Other revenue is recognized as services are performed.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments

Investments consist of exchange traded funds, money market accounts and various common stocks and are carried at fair value. Donated investments received as contributions are recorded at their fair value of the investment on the date they were received. Return on investment consists of interest, dividends and unrealized and realized gains and losses, and is reported on the Statements of Activities.

Property and Equipment

Property and equipment consists of office equipment and leasehold improvements, which are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Office Equipment	3 years
Leasehold Improvements	6 years

Expenditures for repairs and maintenance are charged to operations as incurred while renewals and betterments of $2,000 or more are capitalized.

Inventory

Inventory, which is sold at the Coalition's [RE]FRESH and Kidstore facilities, consists of donated clothing items and are valued at the sales price of similar items.

In-Kind Services

The Coalition received donated inventory, which was reflected as revenue during the years ended December 31, 2015 and 2014.

The Coalition also received in-kind advertising for Little Wishes and other programs from KSDK Television Station for the years ended December 31, 2015 and 2014. Since the Coalition was not provided information from the donor, it is unable to record the value of this donated service.

The Coalition also receives assistance from many volunteers donating their time and performing a variety of tasks that assist the Coalition in its programs and general operations. Since donated time for these types of volunteer services is undeterminable, the Coalition is unable to record the value of these donated services.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Functional Expenses

Functional expenses have been allocated between program services and supporting services based primarily on an analysis of personnel time. In addition, other costs are directly and indirectly allocated among the programs and supporting services benefited based on management's estimates.

Financial Instruments

The carrying amount of accounts receivable, accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments.

Significant Funding

The Coalition received $1,602,136 and $1,196,517 of its support, respectively, for the years ended December 31, 2015 and 2014 from five funders: St. Louis County Children's Service Fund, St. Louis Mental Health Board, Missouri Coalition for Children's Agencies, Area Resources for Community & Human Services, and the United Way of Greater St. Louis. The current level of the Coalition's operations and program services may be impacted if the funding is altered from one or more of these funders.

Income Tax

The Coalition qualifies as a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition does not have unrelated business income, excise taxes, or activities that would threaten the Coalition's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided for the years ending December 31, 2015 and 2014. The Coalition files an information return, the IRS Form 990. The Coalition's tax returns for the years 2012 and later remain subject to examination by taxing authorities.

The Coalition follows the provisions of uncertain tax positions as addressed by the Financial Accounting Standards Board and management is not aware of any uncertain tax positions of the Company related to the tax filings.

Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through June 14, 2016, the date the financial statements were available to be issued.

B. INVESTMENTS

The Coalition's investment holdings at December 31, 2015 are summarized as follows:

	Cost	Fair Value
Exchange Traded Funds (ETF)	$510,425	$504,702
Money market accounts	135,485	135,485
Common stocks	41,902	45,122
Total Investments	$687,812	$685,309

The Coalition's investment holdings at December 31, 2014 are summarized as follows:

	Cost	Fair Value
Exchange Traded Funds (ETF)	$529,958	$538,129
Money market accounts	137,038	137,038
Common stocks	9,167	9,391
Total Investments	$676,163	$684,558

The Coalition's investment income as reported on the statements of activities consists of the following:

	December 31, 2015	December 31, 2014
Interest and dividends	$ 146	$ 485
Unrealized and realized (loss) gain on investments	(11,769)	4,225
Total Investment (Loss) Income	($11,623)	$4,710

C. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Exchange Traded Funds (ETF)	$504,702	$504,702	$ -	$ -
Money market accounts	135,485	135,485	-	-
Stocks	45,122	45,122	-	-
Total	$685,309	$685,309	$ -	$ -
December 31, 2014				
Exchange Traded Funds (ETF)	$538,129	$538,129		
Money market accounts	137,038	137,038	$ -	$ -
Stocks	9,391	9,391	-	-
Total	$684,558	$684,558	$ -	$ -

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets, such as exchange-traded securities. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Examples of Level 2 include U.S. Treasury securities, corporate and municipal bonds, and mortgage backed securities. Financial assets valued using Level 3 inputs are based primarily on assumptions about the marketability of the assets and can include corporate loans, mortgage loans, distressed debt, and investments in real estate funds. The Coalition has no Level 2 or Level 3 assets.

D. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2015	2014
Office equipment	$176,244	$176,244
Leasehold improvements	568,982	568,982
Less: accumulated depreciation	(619,728)	(489,672)
Property and Equipment, net	$125,498	$255,554

D. PROPERTY AND EQUIPMENT *(Continued)*

Depreciation expense was $130,056 and $127,840 for the years ended December 31, 2015 and 2014, respectively.

E. GRANTS AND OTHER RECEIVABLES

Grants and other receivables consist of the following at December 31:

	2015	2014
Area Resources for Community & Human Services	$310,233	$269,303
30 Days to Family	110,000	120,000
Dave Thomas Foundation for Adoption	70,000	70,000
Illinois DCFS	12,600	14,000
Little Wishes	-	94,275
Norman Stupp Foundation	10,000	10,000
St. Louis Mental Health Board	100,181	147,300
St. Louis County Children's Service Fund	42,939	38,449
Other receivables	20,584	16,610
Total Grants and Other Receivables	$676,537	$779,937

F. NET ASSETS

In 2014, the Coalition received a $30,000 contribution to create the DJ Welch Little Wishes Fund. During 2015, the Coalition received an additional $20,000 contribution for the DJ Welch Little Wishes Fund. These gifts will be held in perpetuity to fund the ongoing needs of the Coalition.

In 2012, the Coalition received a contribution from Carleen Goddard-Mazur's estate with the purpose of creating the Carleen Goddard-Mazur Training Institute (the "Institute"). A portion of the contribution, $125,000, was to be used to create the Institute over a two year period from 2012 - 2014. The entire amount of this contribution was spent by the end of the two year period. The remaining amount of the contribution, $375,000, is to be held in perpetuity to fund the operational needs of the Institute.

F. NET ASSETS *(Continued)*

Net assets are comprised of the following at December 31:

	2015	2014
Unrestricted	$ 1,010,419	$1,085,117
Temporarily Restricted – Timing		
Dave Thomas Foundation	70,000	70,000
United Way	266,404	217,195
Temporarily Restricted - Purpose		
30 Days to Family	110,000	120,000
Goddard Institute	16,489	60,700
Recruitment and retention	122,781	171,600
Total Temporarily Restricted	585,674	639,495
Permanently Restricted		
Goddard Institute	375,000	375,000
DJ Welch Little Wishes Fund	50,000	30,000
Total Permanently Restricted	425,000	405,000
Total Net Assets	$2,021,093	$2,129,612

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows during the years ended December 31:

	2015	2014
Temporarily Restricted – Timing		
Dave Thomas Foundation	$ 70,000	$ 70,000
United Way	217,195	217,195
Temporarily Restricted - Purpose		
30 Days to Family	110,000	50,000
Capital facilities	-	20,000
Goddard Institute	30,767	75,989
Recruitment and retention	306,830	497,706
	$734,792	$930,890
Permanently Restricted - Purpose		
Goddard Institute	($ 5,591)	$ 22,874

G. ENDOWMENT

The endowment consists of two individual donor-restricted funds. In accordance with U.S. Generally Accepted Accounting Principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in cash and investments in the Statements of Financial Position. The permanently restricted endowment balance includes the original value at the date of the gift.

The Board of Directors of the Coalition has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of donor restricted endowments, absent explicit donor stipulations to the contrary, at the greater of the fair value of the original gifts as of the gift date. As a result of this interpretation, the Coalition classifies as permanently restricted net assets (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 according to the directive in the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Coalition in a manner consistent with the standard of prudence described by UPMIFA. In accordance with UPMIFA, the Coalition considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic condition, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Coalition, and (7) the Coalition's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies
The Coalition has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

G. ENDOWMENT *(Continued)*

Spending Policy

Endowment spending distributions are designed to stabilize annual spending levels and preserve the real value of the endowment over time. Under the policy, earnings of the Endowment are distributed at a rate set annually by the Finance Committee. The Finance Committee also considers the provisions of UPMIFA in determining the amount to appropriate. The annual spending rate must fall within the range of 3.0% to 8.0% of the five-year average of the Endowment Fund's market value as measured at December 31 of each year. The spending rate is funded from current earnings and, in years when current earnings are insufficient, from previously accumulated earnings of the Endowment Fund. In years in which current and previously accumulated earnings are insufficient to fund the distribution rate established by the Finance Committee, principal may be invaded at the maximum rate of 5% of the five-year average of the Endowment Fund's market value.

For the year ended December 31, 2015, the Coalition had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets: December 31, 2014	$ 60,700	$405,000	$465,700
Net investment return	(1,041)	(5,591)	(6,632)
Contributions	-	20,000	20,000
Appropriation of endowment assets for expenditure	(37,579)	-	(37,579)
Released from restriction	(5,591)	5,591	-
Endowment net assets: December 31, 2015	$ 16,489	$425,000	$441,489

During the years ended December 31, 2015 and 2014, the Finance Committee appropriated $25,176 and $12,403 of endowment earnings to be spent on expenses related to the Carleen Goddard-Mazur Training Institute.

G. ENDOWMENT *(Continued)*

For the year ended December 31, 2014, the Coalition had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets: December 31, 2013	$128,538	$375,000	$503,538
Net investment return	(14,723)	22,874	8,151
Contributions	-	30,000	30,000
Appropriation of endowment assets for expenditure	(75,989)	-	(75,989)
Released from restriction	22,874	(22,874)	-
Endowment net assets: December 31, 2014	$ 60,700	$405,000	$465,700

H. RETAIL STORE REVENUE

The Coalition operates two resale stores, [RE]FRESH and the Kidstore. [RE]FRESH collects donated clothing and accessories from the general public for the primary purpose of raising funds to support the Coalition's mission. The Kidstore collects donated clothing, accessories, and children's items from the general public and sells them at discounted prices exclusively to foster families. Retail store revenue is reported net of discounts. Income and expenses for the resale stores were the following for the years ended December 31:

	2015	2014
Sales	$139,559	$ 101,435
Clothing donations	118,332	125,599
Cost of sales	(136,692)	(131,866)
Gross profit	121,199	95,168
Operating expenses	(159,989)	(141,204)
Retail store revenues, net of operating expenses	($ 38,790)	($ 46,036)

I. LEASE COMMITMENTS

The Coalition has an oral agreement with a church for space for the KidStore facility. Payments are $200 per month and rent expense was $2,400 for the years ended December 31, 2015 and 2014.

In May 2010, the Coalition entered into a building lease agreement. The term of the lease is six years, two months and included 14 months of rent subsidies. During July 2015, the Coalition extended the lease through June 2021 with additional space. The lease extension included 6 months of rent subsidies on the additional space. The Coalition has deferred rent in the amount of $34,412 and $37,338 at December 31, 2015 and 2014, respectively, and will recognize it over life of the lease. Future minimum rental payments to be paid on this operating lease are summarized below:

Year	Amount
2016	$167,147
2017	170,293
2018	173,502
2019	176,775
2020	180,113
Thereafter	90,899
	$958,729

Rent expense for the years ended December 31, 2015 and 2014 was $167,517 and $124,069, respectively.