MENTOR
NATIONAL MENTORING PARTNERSHIP

FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

THE NATIONAL MENTORING PARTNERSHIP, INC.

Contents
December 31, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors of
The National Mentoring Partnership, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The National Mentoring Partnership, Inc. (a District of Columbia corporation, not for profit) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditor's 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 auditor's 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 The National Mentoring Partnership, Inc. as of December 31, 2014 and 2013, 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.

Alexander, Aronson, Finning & Co., P.C.

Boston, Massachusetts
June 4, 2015

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statements of Financial Position
December 31, 2014 and 2013

Assets	**2014**	**2013**
Current Assets:		
Cash and cash equivalents	$ 1,996,253	$ 1,133,816
Restricted cash	33,853	33,853
Fiscal agent cash	83,787	-
Investments	53,822	180,905
Current portion of pledges, grants and contracts receivable	335,018	865,000
Prepaid expenses	225,694	191,190
Total current assets	2,728,427	2,404,764
Deposits	18,238	18,238
Pledges and Grants Receivable, net of current portion and discount	-	29,123
Property and Equipment, net	23,982	29,067
Total assets	$ 2,770,647	$ 2,481,192
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$ 309,324	$ 224,622
Grants payable - Pathways Initiative	33,853	33,853
Due to Illinois Mentoring Partnership	83,787	-
Deferred revenue	414,670	386,819
Total current liabilities	841,634	645,294
Net Assets:		
Unrestricted	744,277	159,656
Temporarily restricted	1,153,186	1,644,692
Permanently restricted	31,550	31,550
Total net assets	1,929,013	1,835,898
Total liabilities and net assets	$ 2,770,647	$ 2,481,192

The accompanying notes are an integral part of these statements.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support:								
Special events:								
Event contributions and support	$ 682,998	$ -	$ -	$ 682,998	$ 161,917	$ -	$ -	$ 161,917
Less - direct expenses	184,116	-	-	184,116	54,701	-	-	54,701
Net special events revenue	498,882	-	-	498,882	107,216	-	-	107,216
Grants and contributions	1,671,364	1,250,207	-	2,921,571	2,278,476	1,035,000	-	3,313,476
Government contracts	616,162	-	-	616,162	42,050	-	-	42,050
Program income	524,615	-	-	524,615	394,779	-	-	394,779
Donated services	127,041	-	-	127,041	144,202	-	-	144,202
Interest and other	4,276	-	-	4,276	2,031	-	-	2,031
Net assets released from restrictions	1,508,543	(1,508,543)	-	-	919,147	(919,147)	-	-
Total revenue and support	4,950,883	(258,336)	-	4,692,547	3,887,901	115,853	-	4,003,754
Expenses:								
Program services:								
Mentoring partnerships support and development	1,131,468	-	-	1,131,468	1,404,092	-	-	1,404,092
Promotion, public education and policy	891,235	-	-	891,235	1,108,022	-	-	1,108,022
Product and program development	1,712,927	-	-	1,712,927	560,782	-	-	560,782
Total program services	3,735,630	-	-	3,735,630	3,072,896	-	-	3,072,896
Supporting services:								
General and administrative	438,038	-	-	438,038	565,134	-	-	565,134
Fundraising	192,028	-	-	192,028	231,630	-	-	231,630
Total supporting services	630,066	-	-	630,066	796,764	-	-	796,764
Total expenses	4,365,696	-	-	4,365,696	3,869,660	-	-	3,869,660
Changes in net assets from operations	585,187	(258,336)	-	326,851	18,241	115,853	-	134,094
Other Revenue:								
Donated software	-	-	-	-	-	42,682	-	42,682
Investment earnings	(566)	-	-	(566)	8,792	-	-	8,792
Changes in net assets	584,621	(258,336)	-	326,285	27,033	158,535	-	185,568
Net Assets, beginning of year	159,656	1,644,692	31,550	1,835,898	132,623	1,486,157	31,550	1,650,330
Net asset transfer	-	(233,170)	-	(233,170)	-	-	-	-
Net Assets, end of year	$ 744,277	$ 1,153,186	$ 31,550	$ 1,929,013	$ 159,656	$ 1,644,692	$ 31,550	$ 1,835,898

The accompanying notes are an integral part of these statements.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Changes in net assets	$ 326,285	$ 185,568
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	17,356	15,143
Donated stocks	(291,866)	(52,200)
Net realized and unrealized gains (losses) on investments	566	(8,701)
Changes in operating assets and liabilities:		
Pledges and grants receivable	559,105	301,006
Prepaid expenses	(34,504)	(79,473)
Deposits	-	24,011
Accounts payable and accrued expenses	84,702	72,399
Lease termination liability	-	(350,000)
Deferred revenue	27,851	53,806
Net cash provided by operating activities	689,495	161,559
Cash Flows from Investing Activities:		
Transfer of cash to Illinois Mentoring Partnership	(233,170)	-
Acquisition of property and equipment	(12,271)	(42,682)
Proceeds from sale of investments	418,383	51,105
Net cash provided by investing activities	172,942	8,423
Net Change in Cash and Cash Equivalents	862,437	169,982
Cash and Cash Equivalents:		
Beginning of year	1,133,816	963,834
End of year	$ 1,996,253	$ 1,133,816
Supplemental Disclosure of Non-Cash Investing Transactions:		
Cost of fully depreciated property and equipment disposed	$ -	$ 56,654
Unrealized gains on investments	$ -	$ 8,544

The accompanying notes are an integral part of these statements.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2014
(With Summarized Comparative Totals for the Year Ended December 31, 2013)

	2014							2013
	Program Services				Supporting Services			
	Mentoring Partnerships Support and Development	Promotion, Public Education and Policy	Product and Program Development	Total Program Services	General and Adminis-trative	Fundraising	Total	Total
Salaries and Related:								
Salaries	$ 670,355	$ 325,707	$ 271,839	$ 1,267,901	$ 129,773	$ 117,523	$ 1,515,197	$ 1,740,768
Employee benefits	105,763	51,133	42,570	199,466	20,421	18,484	238,371	254,595
Payroll taxes	39,091	18,944	15,733	73,768	7,565	6,867	88,200	96,554
Total salaries and related	815,209	395,784	330,142	1,541,135	157,759	142,874	1,841,768	2,091,917
Other:								
Consultants and Program Service Contracts	63,087	103,806	854,644	1,021,537	14,433	27,458	1,063,428	673,148
Grants and awards	23,105	-	426,000	449,105	-	-	449,105	41,343
National Mentoring Summit	-	272,657	-	272,657	-	-	272,657	283,213
Rent	101,022	20,471	18,155	139,648	8,168	7,397	155,213	191,458
Conference and meeting	66,858	30,781	27,067	124,706	10,691	3,077	138,474	161,718
Donated professional services	-	-	-	-	127,041	-	127,041	144,202
Professional services	-	-	-	-	100,479	-	100,479	64,055
Postage and printing	9,045	20,457	12,809	42,311	218	617	43,146	12,945
Office supplies and services	8,356	10,051	10,682	29,089	4,090	2,117	35,296	16,959
Telephone and communication services	10,564	6,080	4,480	21,124	2,107	1,777	25,008	34,121
Insurance	2,589	6,426	5,699	14,714	7,946	2,322	24,982	27,747
Equipment rental and maintenance	6,423	3,782	6,291	16,496	1,509	1,367	19,372	44,637
Marketing and advertising	2,688	5,921	9,365	17,974	-	-	17,974	14,232
Depreciation	14,640	1,026	910	16,576	409	371	17,356	15,143
Licenses and fees	1,669	8,779	1,295	11,743	1,368	528	13,639	14,348
Dues and subscriptions	4,364	2,094	2,621	9,079	575	995	10,649	7,271
Utilities	1,300	1,757	1,558	4,615	701	635	5,951	5,447
Miscellaneous	549	1,363	1,209	3,121	544	493	4,158	25,756
Total other	316,259	495,451	1,382,785	2,194,495	280,279	49,154	2,523,928	1,777,743
Total expenses	$ 1,131,468	$ 891,235	$ 1,712,927	$ 3,735,630	$ 438,038	$ 192,028	$ 4,365,696	$ 3,869,660

The accompanying notes are an integral part of these statements.

THE NATIONAL MENTORING PARTNERSHIP, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2013

	Program Services				Supporting Services		
	Mentoring Partnerships Support and Development	Promotion, Public Education and Policy	Product and Program Development	Total Program Services	General and Adminis-trative	Fundraising	Total
Salaries and Related:							
Salaries	$ 889,164	$ 418,475	$ 146,315	$ 1,453,954	$ 157,205	$ 129,609	$ 1,740,768
Employee benefits	128,785	63,413	21,901	214,099	26,151	14,345	254,595
Payroll taxes	49,090	23,485	8,553	81,128	8,044	7,382	96,554
Total salaries and related	1,067,039	505,373	176,769	1,749,181	191,400	151,336	2,091,917
Other:							
Consultants and Program Service Contracts	58,971	216,362	356,137	631,470	32,245	9,433	673,148
Grants and awards	41,270	73	-	41,343	-	-	41,343
National Mentoring Summit	-	283,213	-	283,213	-	-	283,213
Rent	124,915	32,562	11,385	168,862	13,909	8,687	191,458
Conference and meeting	64,938	24,398	3,538	92,874	28,955	39,889	161,718
Donated professional services	-	-	-	-	144,202	-	144,202
Accounting	-	-	-	-	64,055	-	64,055
Postage and printing	150	420	-	570	10,396	1,979	12,945
Office supplies and services	-	3,487	117	3,604	8,559	4,796	16,959
Telephone and communication services	3,771	8,621	3,558	15,950	15,191	2,980	34,121
Insurance	4,532	8,047	2,814	15,393	9,862	2,492	27,747
Equipment rental and maintenance	15,598	11,812	4,126	31,536	7,758	5,343	44,637
Marketing and advertising	3,644	6,813	256	10,713	1,092	2,427	14,232
Depreciation	14,391	370	129	14,890	139	114	15,143
Licenses and fees	2,162	3,034	720	5,916	7,645	787	14,348
Dues and subscriptions	1,478	1,356	505	3,339	3,210	722	7,271
Utilities	1,211	2,081	728	4,020	782	645	5,447
Miscellaneous	22	-	-	22	25,734	-	25,756
Total other	337,053	602,649	384,013	1,323,715	373,734	80,294	1,777,743
Total expenses	$ 1,404,092	$ 1,108,022	$ 560,782	$ 3,072,896	$ 565,134	$ 231,630	$ 3,869,660

The accompanying notes are an integral part of these statements.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

The National Mentoring Partnership, Inc. (the Organization) is a national not-for-profit corporation established in 1990 in the District of Columbia. The Organization's mission is to fuel the quality and quantity of mentoring relationships for America's young people and to close the mentoring gap. The Organization drives the investment of time and money into high impact mentoring programs through advocacy, influence strategy and public awareness. The Organization advances quality mentoring through the development and delivery of standards, cutting-edge research, state of-the-art tools, and a national network of local capacity and movement builders. The Organization has three major program areas:

Mentoring Partnerships Network Support and Development

The Organization has built and fostered a network of affiliate *Mentoring Partnerships* across the country to deliver training and consulting to youth mentoring programs of all types and sizes. *Mentoring Partnerships* serve as strategic local field-building partners, advance volunteer recruitment, build public awareness, and provide a unified voice for advocacy and policy, ultimately in an effort to optimize outcomes for youth and expand mentoring services to young people. The Organization supports its network of affiliate *Mentoring Partnerships* through knowledge sharing, network efficiencies, and local-national opportunities. *Mentoring Partnerships* are the key informant and distribution chain for the Organization. The Organization acts as a fiscal sponsor for two of these affiliate Mentoring Partnerships and their expenses of $878,295 and $1,140,670 as of December 31, 2014 and 2013 respectively, are included in the total expenses for this program area in the accompanying statements of functional expenses.

Promotion, Public Education and Policy

The Organization educates the general public, policymakers, and the private sector about the effectiveness of mentoring as a proven strategy for helping young people become successful adults and seeks increased systemic integration of mentoring. Annual activities include leading the annual public awareness campaign, National Mentoring Month in January, managing the Corporate Mentoring Challenge, and convening the National Mentoring Summit, the only national conference for the mentoring field including practitioners, researchers, and leaders from the private and public sectors, as well as advocating for expanding quality mentoring programs with Congress and the Administration.

Product and Program Development

One of the Organization's core priorities is to drive excellence and rigor so that the quality and quantity of mentoring and mentoring experiences are enhanced across thousands of programs in America. The Organization does this by establishing nationally recognized standards for safe and effective mentoring programs called *The Elements of Effective Practice for Mentoring*™, developing tools to disseminate these evidenced-based practices and share innovation across the mentoring field, operating the only national database for volunteer mentoring opportunities, and informing and implementing new research to increase and enhance the impact of quality mentoring programs across the country.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Contributions made to the Organization are deductible by donors within the requirements of the IRC.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES

The Organization's financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC).

Allowance for Uncollectible Accounts

The Organization records an allowance for uncollectible accounts based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. Accounts are written off when they are determined to be uncollectible and are recorded as bad debt. There was no allowance for uncollectible accounts deemed necessary as of December 31, 2014 and 2013.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at the estimated market value at the date of gift, if donated. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives and consist of the following at December 31:

	Estimated Useful Lives	2014	2013
Furniture and equipment	3 - 10 years	$ 14,763	$ 14,763
Computer software	3 years	57,702	45,431
		72,465	60,194
Less - accumulated depreciation		48,483	31,127
Net property and equipment		$ 23,982	$ 29,067

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Organization values all of its qualifying assets and liabilities using Level 1 inputs, except for investment in hedge funds, which uses Level 3 inputs (see Note 2). The hedge fund was liquidated during 2014.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of checking and money market accounts.

Investments

If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. The Organization's interests in alternative investment funds are reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value. As of December 31, 2014, the Organization's alternative investment fund was liquidated.

Investments are recorded in the financial statements at fair value. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains or losses on investment transactions are recorded using the average cost method. Unrealized gains and losses are recognized based on market value changes during the period (see Note 2).

Grants and Awards

Grants and awards are recorded when approved and all conditions have been satisfied.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for use in future periods (time restricted). Temporarily restricted net assets consist of the following at December 31:

	2014	2013
State and Local Mentoring Partnerships	$ 600,798	$ 633,690
Other purpose restricted	552,388	506,002
Time restricted	-	505,000
	$ 1,153,186	$ 1,644,692

Permanently Restricted Net Assets

Permanently restricted net assets represent net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The income earned on these net assets is unrestricted for operations.

Revenue Recognition

Revenue from special events is recognized in the period in which the event occurs. Unrestricted grants and contributions are recorded when unconditionally pledged or received. Government contract revenue is recorded over the contract period as costs are incurred. Program income includes conference revenue which is recognized in the year the conference occurs.

The Organization reports gifts of cash and other assets as temporarily restricted grants and contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Amounts received for the annual conference in advance of the fiscal year in which the conference is held are reflected as deferred revenue in the accompanying statements of financial position.

The Organization has chosen, under the provisions of U.S. GAAP, to imply a time restriction on grants restricted by donors to be used for the acquisition of property and equipment and donated software. The restriction is met over the useful life of the restricted assets and transfers are made to unrestricted net assets each year equal to that years' depreciation (see page 11).

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are allocated to program expenses, while other expenses are allocated based upon management's estimate of the percentage attributable to program services, general and administrative and fundraising.

Donated Services and Software

Organizations provide pro-bono services to the Organization in support of various aspects of its programs. The fair value of these services, as determined by the donors, is reflected as donated services and donated professional services in the accompanying statements of activities and changes in net assets and functional expenses, respectively. The Organization received $118,041 and $144,202 of donated legal services during 2014 and 2013, respectively, and $9,000 of donated accounting services in during 2014. Donated software is recorded at fair value at the time of donation. During the year ended December 31, 2013, the Organization received $42,682 of donated software, which is reflected as donated software in the accompanying statements of activities and changes in net assets. Depreciation recorded on this software is included in the accompanying statement of functional expenses.

Donated Stock

Donated stock is recorded at fair value on the date of the gift. During 2014 and 2013, the Organization received stock donations valued at $291,866 and $52,200, respectively, which are included in grants and contributions in the accompanying statements of activities and changes in net assets. These stocks were immediately sold upon receipt and the proceeds invested in money market accounts.

Subsequent Events

Subsequent events have been evaluated through June 4, 2015, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2014 and 2013. The Organization's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

2. INVESTMENTS

Investments are presented in the accompanying financial statements at fair value. The Organization's investments consist of the following as of December 31:

Description	2014 Level 1	Level 2	Level 3	Total
Money market funds	$ 53,822	$ -	$ -	$ 53,822

Description	2013 Level 1	Level 2	Level 3	Total
Money market funds	$ 127,785	$ -	$ -	$ 127,785
Hedge fund	-	-	53,120	53,120
	$ 127,785	$ -	$ 53,120	$ 180,905

Investment earnings consisted of the following as of December 31:

	2014	2013
Realized gains (losses)	$ (566)	$ 157
Unrealized gains	-	8,544
Interest and dividends	-	91
	$ (566)	$ 8,792

Investment fees were $499 and $549 for the years ended December 31, 2014 and 2013, respectively, and are included in licenses and fees in the accompanying statements of functional expenses.

The Organization intends to hold its investments as available for use in operations. Accordingly, the investments are shown as current assets in the accompanying statements of financial position. Investments are not insured and are subject to ongoing market fluctuations.

A reconciliation of the Level 3 investment activity is as follows at December 31:

	2014	2013
Beginning balance	$ 53,120	$ 92,486
Receipts from and liquidations of limited liquidity investments	(53,120)	(47,910)
Net unrealized gain on investments in limited liquidity investments	-	8,544
Ending balance	$ -	$ 53,120

3. PLEDGES, GRANTS AND CONTRACTS RECEIVABLE

Pledges, grants and contracts receivable are recorded at their net present value when unconditionally committed or as contract services are provided and consist of amounts committed for programs and general operating support and are due as follows at December 31, 2014 and 2013:

	2014	2013
Amounts due in:		
Less than one year	$ 335,018	$ 865,000
One to three years	$ -	$ 30,000

The pledges and grants receivable had been discounted by $877 using a 2% interest rate at December 31, 2013. There was no discount at December 31, 2014.

4. LEASES

The Organization leases office space in Boston, Massachusetts, under a twenty-six month operating lease agreement. This lease commenced in January 2013, and required monthly payments of $5,090, which increased annually as defined in the agreement. The lease included an initial period of two months with no payments required. The Organization signed a new lease for this space in February, 2015 and added an additional 750 square feet of office space. This new lease includes three months of free rent and will require monthly payments of $9,867, which will increase annually as defined in the agreement. Rent expense, including storage costs, for this office space was $62,634 and $55,388 for the years ended December 31, 2014 and 2013, respectively.

The Organization leases an additional office space in New York, New York, under a five-year lease agreement expiring on October 31, 2017. Monthly payments under the agreement are $5,902, with annual increases of 2%. Rent expense, including storage costs, for this office space was $77,250 and $72,266 for the years ended December 31, 2014 and 2013, respectively.

In accordance with the U.S. GAAP standard for *Accounting for Leases*, the Organization has recorded rent for these agreements on a straight-line basis over the term of the lease regardless of actual cash payments. The Organization has recorded $10,319 and $13,791 of deferred rent as of December 31, 2014 and 2013 respectively, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

Remaining future minimum cash lease payments under the lease agreements are as follows:

2015	$ 177,300
2016	$ 194,726
2017	$ 186,630
2018	$ 31,200

The Organization leases office equipment under various operating leases expiring through April 2017. Future minimum payments under these lease agreements are as follows:

Fiscal Year	Amount
2015	$ 5,994
2016	$ 5,429
2017	$ 1,357

5. PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Employees become eligible to participate on their date of hire. Employees are eligible for employer matching contributions immediately upon joining the plan and for other discretionary employer contributions after one year of employment. Prior to a plan amendment effective January 1, 2015, employees were eligible for employer matching contributions after one year of employment and for other discretionary employer contributions after 90 days from their date of hire. The Organization matches the employee's contribution up to 2% of the employee's compensation immediately upon joining the plan and contributes 3% of each eligible employee's compensation to the plan after a one-year period from their date of hire. Prior to January 1, 2015, the Organization contributed 3% of each eligible employee's compensation to the plan and matched the employee's contribution up to 2% of the employee's compensation after a one-year period from their date of hire. The Organization's contributions to employees' accounts vest 100% when made.

Pension expense was $64,175 and $65,484 for the years ended December 31, 2014 and 2013, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

6. PATHWAYS INITIATIVE

Pathways was a program designed to give young people living in high-risk environments the adult guidance and tangible incentives they need to aspire, achieve and develop to their fullest potential. Pathways set aside $10,000 for each economically disadvantaged youth who took part in mentoring and economic self-sufficiency programs. This program has ended and no additional amounts are being accrued or set aside.

As of December 31, 2014 and 2013, the Organization has committed $33,853 for seven Pathways' participants and graduates, which is reflected as a liability in the accompanying statements of financial position. Funds the Organization has committed to the Pathways Initiative are presented as restricted cash in the accompanying statements of financial position. Management is in the process of determining final distribution of these funds.

7. COMMITMENTS

The Organization is under contractual agreements with various hotels through 2016 for room rentals for participants at the Organization's annual conference. If the Organization cancels these agreements or does not fill the rooms under agreement, there are certain penalties the Organization may have to pay. These penalties range from approximately $71,000 to $142,000, dependent on proximity of cancellation to the scheduled event. Management anticipates that no material penalties will be incurred, and therefore, no liability has been recorded in the accompanying financial statements.

8. CONDITIONAL COMMITMENT

During fiscal year 2012, the Organization agreed to support the UMass Boston Center for Evidence Based Mentoring (UMass) to help further research in the mentoring field, which is the Organization's overall mission. The Organization committed to support at a cost to the Organization not to exceed $1,000,000 over seven years, conditional upon UMass increasing research in the mentoring field and being operated in a manner acceptable to the Organization. Two members of the Board of Directors have guaranteed this commitment. The operations of UMass commenced during fiscal year 2012.

8. CONDITIONAL COMMITMENT (Continued)

During 2014, the Organization paid $150,000 under this agreement, which is included in grants and awards in the accompanying statement of functional expenses. The Organization did not make any payment during fiscal year 2013, as requirements under the agreement were not met. Amounts paid by the Organization in future years will be shown as an expense when paid.

9. CONCENTRATIONS

Credit Risk

The Organization maintains its cash balances in Massachusetts, Virginia and New York banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. During the years ended December 31, 2014 and 2013, the Organization's cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash.

Funding

The Organization received approximately 13% of its total revenue and support from the United States Department of Justice (DOJ) during fiscal year 2014. Approximately 82% of the Organization's pledges, grants and contracts receivable at December 31, 2014, are due from the DOJ.

Approximately 84% of the Organization's pledges, grants and contracts receivable at December 31, 2013, were due from four donors. Approximately 32% and 30% of the Organization's revenue and support at December 31, 2014 and 2013, respectively, was from two donors, of which 18% and 7%, respectively, is passed through to other mentoring agencies.

Payments to the Organization are subject to audit by the DOJ. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Organization as of December 31, 2014 and 2013, or on the changes in net assets for the years then ended.

10. ILLINOIS MENTORING PARTNERSHIP

The Organization had an agreement to serve as the fiscal and administrative sponsor of the Illinois Mentoring Partnership (ILMP). Under this agreement, the Organization's Board of Directors had governing authority over ILMP and legal and fiduciary responsibility for fiscal sponsorship of ILMP in 2013. Thus, the activities of ILMP were reflected in the accompanying 2013 financial statements.

In February 2014, ILMP received its status as an organization (not a private foundation) exempt from Federal income taxes formed for charitable purposes under Section 501(c)(3) of the IRC. Since becoming a tax exempt organization, ILMP is now governed by its own Board of Directors and is no longer under the governance of the Organization's Board of Directors. The Organization transferred net assets of $233,170 to ILMP during 2014, which was reflected as transfer of net assets in the accompanying 2014 statement of activities and changes in net assets. This amount was restricted funds received by the Organization for ILMP and recorded as temporarily restricted net assets for the year ended December 31, 2013.

10. ILLINOIS MENTORING PARTNERSHIP (Continued)

Effective February 2014, the Organization began functioning as ILMP's fiscal agent on a pro-bono basis. For the year ended December 31, 2014, the Organization received $90,683 and disbursed $240,066 on behalf of ILMP.

At December 31, 2014, the Organization was holding $83,787 for ILMP, which is included in fiscal agent cash and funds held for ILMP in the accompanying 2014 statement of financial position.

11. RECLASSIFICATION

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.