

**JOHNSON KIGHTLINGER & COMPANY**

**GLOBAL GREENGRANTS FUND, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

## TABLE OF CONTENTS

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	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Global Greengrants Fund, Inc.  
Boulder, Colorado

We have audited the accompanying financial statements of Global Greengrants Fund, Inc. (the Organization), which comprise the statements of financial position as of June 30, 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.

**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 Global Greengrants Fund, Inc. as of June 30, 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.

*Johnson Kightlinger & Company*

JOHNSON KIGHTLINGER & COMPANY  
January 14, 2016

**GLOBAL GREENGRANTS FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,920,982	\$ 3,236,879
Contributions receivable (Note 2)	2,489,657	1,489,355
Other receivables	2,757	13,134
Investments (Note 3)	768,033	565,229
Property and equipment, net of accumulated depreciation of \$125,656 (2015) and \$109,636 (2014)	42,541	36,550
Prepaid expenses and other	20,908	134,789
Total assets	<u>\$ 8,244,878</u>	<u>\$ 5,475,936</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 95,408	\$ 110,786
Grants payable	21,800	22,600
Payable to affiliate (Note 9)	25,626	-
Total liabilities	<u>142,834</u>	<u>133,386</u>
<b>COMMITMENTS (Note 5)</b>		
<b>NET ASSETS</b>		
Unrestricted	3,369,091	2,205,354
Temporarily restricted (Note 7)	4,732,953	3,137,196
Total net assets	<u>8,102,044</u>	<u>5,342,550</u>
Total liabilities and net assets	<u>\$ 8,244,878</u>	<u>\$ 5,475,936</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 6,886,493	\$ 5,998,764	\$ 12,885,257
Investment income (Note 3)	9,511	-	9,511
In-kind donations	350	-	350
Program service fees	11,250	-	11,250
Other	13,046	-	13,046
Net assets released from restrictions (Note 7)	<u>4,403,007</u>	<u>(4,403,007)</u>	<u>-</u>
Total revenue and support	<u>11,323,657</u>	<u>1,595,757</u>	<u>12,919,414</u>
 <b>EXPENSES</b>			
Program services	9,113,938	-	9,113,938
Management and general	536,506	-	536,506
Fund raising	<u>509,476</u>	<u>-</u>	<u>509,476</u>
Total expenses	<u>10,159,920</u>	<u>-</u>	<u>10,159,920</u>
 <b>CHANGE IN NET ASSETS</b>	 <u>1,163,737</u>	 <u>1,595,757</u>	 <u>2,759,494</u>
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 <u>2,205,354</u>	 <u>3,137,196</u>	 <u>5,342,550</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,369,091</u>	<u>\$ 4,732,953</u>	<u>\$ 8,102,044</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 2,450,738	\$ 7,045,807	\$ 9,496,545
Investment income (Note 3)	4,156	-	4,156
In-kind donations	654	-	654
Program service fees	286,015	-	286,015
Other	4,248	-	4,248
Net assets released from restrictions (Note 7)	<u>6,475,666</u>	<u>(6,475,666)</u>	<u>-</u>
Total revenue and support	9,221,477	570,141	9,791,618
<b>EXPENSES</b>			
Program services	7,733,363	-	7,733,363
Management and general	478,777	-	478,777
Fund raising	<u>554,424</u>	<u>-</u>	<u>554,424</u>
Total expenses	8,766,564	-	8,766,564
<b>CHANGE IN NET ASSETS</b>	<u>454,913</u>	<u>570,141</u>	<u>1,025,054</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,750,441</u>	<u>2,567,055</u>	<u>4,317,496</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ <u>2,205,354</u></u>	<u>\$ <u>3,137,196</u></u>	<u>\$ <u>5,342,550</u></u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 7,321,360	\$ -	\$ -	\$ 7,321,360
Employee compensation	498,661	348,407	301,507	1,148,575
Payroll taxes & employee benefits	162,015	107,213	70,564	339,792
Travel and meals	441,065	34,566	37,943	513,574
Advisory board fees	216,749	-	-	216,749
Professional fees	296,991	17,188	24,524	338,703
Occupancy expense	33,894	9,305	18,497	61,696
Other expense	143,203	19,827	56,441	219,471
Total expenses	<u>\$ 9,113,938</u>	<u>\$ 536,506</u>	<u>\$ 509,476</u>	<u>\$ 10,159,920</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 6,498,894	\$ -	\$ -	\$ 6,498,894
Employee compensation	479,645	312,901	331,559	1,124,105
Payroll taxes & employee benefits	125,511	80,837	89,355	295,703
Travel and meals	163,269	29,955	39,261	232,485
Advisory board fees	201,976	-	-	201,976
Professional fees	138,271	23,794	33,243	195,308
Conferences and meetings	-	-	1,069	1,069
Occupancy expense	34,617	9,551	18,902	63,070
Other expense	91,180	21,739	41,035	153,954
Total expenses	<u>\$ 7,733,363</u>	<u>\$ 478,777</u>	<u>\$ 554,424</u>	<u>\$ 8,766,564</u>

See Notes to Financial Statements



**GLOBAL GREENGRANTS FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,759,494	\$ 1,025,054
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	16,020	14,934
Unrealized losses on investments	207	-
Changes in operating assets and liabilities:		
Contributions receivable	(1,000,302)	(141,437)
Other receivables	10,378	2,435
Other assets	113,881	(125,803)
Accounts payable and accrued liabilities	(15,378)	(16,167)
Grants payable	(800)	(85,053)
Amounts due to related party	25,626	-
Net cash from operating activities	<u>1,909,126</u>	<u>673,963</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	(1,799,023)	803,042
Purchases of investments	1,596,011	(243,000)
Purchases of equipment	(22,011)	(13,451)
Net cash from investing activities	<u>(225,023)</u>	<u>546,591</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>1,684,103</u>	<u>1,220,554</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>3,236,879</u>	<u>2,016,325</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,920,982</u>	<u>\$ 3,236,879</u>
<b>NONCASH TRANSACTIONS</b>		
Donated facility lease (Note 5)	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Donated equipment and services	<u>\$ 350</u>	<u>\$ 654</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Activities**

Global Greengrants Fund, Inc. (Global Greengrants Fund, Inc. or the Organization) was established in 2001 as a Colorado not-for-profit corporation. The Organization's mission is to strengthen the grassroots environmental movement in developing countries through grant making. The grant making process includes soliciting funding requests, evaluating the requests, and awarding the grants. The Organization has advisory boards throughout the world who share grant making due diligence efforts with the administration office in Boulder Colorado. The Organization finances its operations through donations and grants from individuals, foundations, and corporate sponsors, primarily from the United States.

The Organization has a June 30 fiscal year end. Unless otherwise noted, 2015 refers to the year ended June 30, 2015 and 2014 refers to the year ended June 30, 2014.

**Basis of Accounting and Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of June 30, 2015, the Organization had no permanently restricted net assets.

**Use of Estimates in the Preparation of Financial Statements**

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 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.

**Cash and Cash Equivalents**

The Organization considers money market funds as cash equivalents.

**Contributions Receivable (Promises to Give)**

Contributions receivable consist of unconditional multi-year promises to give, and are recorded at net realizable value for promises expected to be collected within one year, and at fair value for those due beyond one year. The Organization uses the allowance method to determine the collectibility of contributions receivable, taking into account its relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are incorporated into a fair value measurement using present value techniques. At June 30, 2015 management believed all contributions to be fully collectible. Therefore, no uncollectible allowance is included in the accompanying financial statements.

**Investments**

All investments are carried at fair market value, with gains and losses reported in the statement of activities.

**Property and Equipment**

Property and equipment is stated at cost if purchased and estimated fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, typically 3-7 years. The Organization capitalizes property and equipment additions greater than \$500.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected

**GLOBAL GREENGRANTS FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment (Continued)**

undiscounted future cash flows are less than the carrying amount of the asset. If impairment has occurred, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management does not believe that any impairment has occurred as of June 30, 2015.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Revenue Recognition – Contributions**

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes, or are designated for future periods are reported as increases in temporarily restricted net assets.

Contributions to be received over multiple years, at a specified date in the future and for a specific purpose are subject to time restrictions and are reported as temporarily restricted. Multi-year promises to give are recognized as temporarily restricted revenue in the year the written promise is received from the donor. The Organization records donor-restricted contributions as unrestricted if the restrictions are met in the same reporting period. The Board has designated certain funds specifically for grant making and other purposes. Such funds are considered unrestricted by the Organization's Board.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Donor agreements for donor advised funds grant variance power to the Organization's Board, allowing the Board to vary from the donor's restrictions if the restriction becomes incapable of fulfillment or is inconsistent with the charitable needs of the community. The Organization strives to honor donors' charitable intent and accepts grant recommendations from donors. However, due to its variance power, the Organization generally reports contributions received under donor advised agreements as unrestricted.

**Grants Payable**

Grants expense is recorded when approved for payment by the Organization's advisory board and management team. Amounts approved in one fiscal year, which are paid in a subsequent year, are reported as grants payable in the accompanying statement of financial position.

The Organization also intends to provide financial support to other non-profit organizations that operate in certain developing countries. Future funding is contingent on the recipient organizations maintaining certain protocols with respect to its grantees and upon the availability of funds. Therefore, no liability has been recorded for these intentions to give.

**Fair Value Measurements**

Fair value measurements of assets and liabilities may be carried out using:

- Quoted prices in active markets for identical assets (Level 1),
- Significant other observable inputs (Level 2), or
- Significant unobservable inputs (Level 3).

**GLOBAL GREENGRANTS FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements (Continued)**

The following assets were measured at fair value on a recurring basis at June 30:

<u>Investment Type</u>	<u>Level 1</u>		<u>Level 2</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Money market funds	\$ 3,600	\$ 205,079	\$ -	\$ -
Publicly traded debt securities	-	95,235	-	-
Certificates of deposit	-	-	768,033	469,994
	<u>\$ 3,600</u>	<u>\$ 300,314</u>	<u>\$ 768,033</u>	<u>\$ 469,994</u>

**Income Taxes**

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, is classified as a public charity, and has no unrelated business income. The Organization has taken no tax positions it believes are unlikely to be upheld, or that might jeopardize its tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information.

Accordingly, no provision for income taxes is included in the accompanying financial statements. Should its tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS. The Organization's federal information returns (Forms 990) for fiscal years ended June 30, 2015, 2014, 2013, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

**Subsequent Events Evaluation**

Management has evaluated subsequent events through January 14, 2016, the date the financial statements were available to be issued.

**NOTE 2 – CONTRIBUTIONS RECEIVABLE**

Future payments of contributions receivable consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
<u>Amounts due in:</u>		
One year or less	\$ 1,394,857	\$ 859,355
Two to five years	1,094,800	630,000
	<u>\$ 2,489,657</u>	<u>\$ 1,489,355</u>

**NOTE 3 – INVESTMENTS**

The Organization's investments consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Certificates of deposit	\$ 768,033	\$ 469,994
Publicly traded debt securities	-	95,235
	<u>\$ 768,033</u>	<u>\$ 565,229</u>

**GLOBAL GREENGRANTS FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 – INVESTMENTS (Continued)**

Investment income consisted of the following:

		<u>2015</u>		<u>2014</u>
Interest income	\$	9,718	\$	22,338
Losses		<u>(207)</u>		<u>(18,182)</u>
		<u>\$ 9,511</u>		<u>\$ 4,156</u>

**NOTE 4 – BANK LINE OF CREDIT**

The Organization has a \$40,000 line of credit available from a commercial bank (the line). The line matures October 1, 2015 and carries interest at the bank's prime rate plus 4.75% (8% at June 30, 2015). There were no borrowings under the line during 2015 or 2014, and no outstanding balance at June 30, 2015.

**NOTE 5 – LEASE COMMITMENTS**

The Organization leases office equipment and office space under non-cancelable operating leases that expire in December 2017 and June 2018, respectively. The office space lease is with an unrelated party whereby a portion of the lease is payable in cash and the remainder is an in-kind donation by the landlord. The Organization has recorded a contribution receivable for the donated portion through the term of the lease at an estimated fair value of \$50,000. Rent expense for office space totaled \$50,000 for the years 2015 and 2014. The donated portion of facilities rent totaled \$25,000 for both 2015 and 2014.

Future minimum office lease commitments were as follows as of June 30, 2015:

2016	\$	25,000
2017		25,000
2018		<u>25,000</u>
	\$	<u>75,000</u>

**NOTE 6 – CONDITIONAL PROMISE TO GIVE**

In 2014, the Organization received a multi-year promise to give from a corporate donor who promised to contribute funds to the Organization based on the sales of a certain product. The funds will be disbursed to the Organization on June 15<sup>th</sup> each year in 2015, 2016, and 2017. Because the amount to be contributed is contingent on the donor's product sales, the Organization recognizes revenue only as amounts are received from the donor.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30:

		<u>2015</u>		<u>2014</u>
Contributions receivable	\$	2,489,657	\$	1,489,355
Restricted for specific purposes		<u>2,243,296</u>		<u>1,647,841</u>
		<u>\$ 4,732,953</u>		<u>\$ 3,137,196</u>

**GLOBAL GREENGRANTS FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Net assets released from restrictions consisted of the following:

	<u>2015</u>	<u>2014</u>
Net collection of promises to give	\$ 1,310,695	\$ 3,951,197
Satisfaction of program restrictions	<u>3,092,312</u>	<u>2,524,469</u>
	<u>\$ 4,403,007</u>	<u>\$ 6,475,666</u>

**NOTE 8 – EMPLOYEE BENEFIT PLAN**

The Organization sponsors a 403(b) defined contribution retirement plan ("the Plan"), which covers substantially all employees. Employees may elect to make pre-tax deferrals of their compensation, subject to certain limits. The Plan requires the Organization to make matching contributions up to 4% of a participant's compensation provided their deferrals equal or exceed 4% of the participant's compensation. Matching contributions are immediately vested. Matching contributions totaled \$41,702 and \$36,915 in 2015 and 2014, respectively.

**NOTE 9 – AFFILIATE**

The Organization is affiliated with a charity in the United Kingdom called Global Greengrants Fund UK ("the UK charity") for which it is the sole member (owner). The UK charity is governed by a Board of Trustees that must include at least two board members who are independent of the Organization.

In 2015, the Organization paid certain expenses and received certain contributions on behalf of the UK charity, resulting in a net payable to the UK charity of \$25,626 at June 30, 2015. In 2014, the Organization converted a \$9,908 receivable from the UK charity to a grant. The Organization also provides accounting and management services to the UK charity at no charge; no provision for those services is included in the accompanying financial statements.

The UK charity's balances and activity are summarized below for the years ended June 30:

	<u>2015</u>	<u>2014</u>
<u>Statements of Financial Position</u>		
Assets	<u>\$ 64,903</u>	<u>\$ 27,802</u>
Liabilities	23,885	-
Net assets	<u>41,018</u>	<u>27,802</u>
Total liabilities & net assets	<u>\$ 64,903</u>	<u>\$ 27,802</u>
 <u>Statements of Activities</u>		
Revenue	\$ 90,374	\$ 56,543
Expense	<u>75,029</u>	<u>42,989</u>
Change in net assets	<u>\$ 15,345</u>	<u>\$ 13,554</u>

**GLOBAL GREENGRANTS FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 10 – CREDIT RISK AND CONCENTRATIONS**

**Credit Risk**

Financial instruments, which potentially subject the Organization to credit risk, consist of cash, money market funds, investments, and contributions receivable (promises to give).

- Cash balances at commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC). Although balances may exceed insured limits, the Organization maintains its cash balances at high-quality financial institutions and does not expect any losses from this exposure.
- The Organization's money market funds are held by an investment firm, where they are insured by the Securities Investor Protection Corporation (SIPC). At various times the Organization's money market balances may exceed the insurance limit.
- At June 30, 2015, the Organization's investments consisted of certificates of deposit at FDIC insured financial institutions.
- Contributions receivable (promises to give) are due from foundations, corporations, and individual donors, primarily from within the United States. The Organization gains an understanding of the donor's financial capability and obtains written promises before recording such receivables.

**Concentrations**

In 2015, approximately 63% of total contribution revenue was received from four donors. In 2014, approximately 48% of the Organization's total contribution revenue was received from two donors.

At June 30, 2015, 62% of contributions receivable were due from three donors. At June 30, 2014, 59% of contributions receivable were due from two donors.