

Reviewed Financial Statements



September 30, 2016

Quigley & Miron

**Youth Science Institute
Reviewed Financial Statements
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September 30, 2016**

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Independent Accountant's Review Report

Board of Directors
Youth Science Institute
Los Gatos, California

We have reviewed the accompanying statement of financial position of Youth Science Institute, a nonprofit corporation, which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

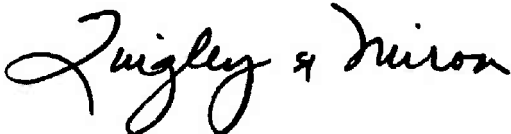
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Accountant's Responsibility

Our responsibility is to conduct review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Campbell, California
May 24, 2017

Youth Science Institute
Statement of Financial Position
September 30, 2016
(with comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 133,631	\$ 344,310
Investments—Note 3	65,570	112,706
Accounts receivable	5,050	1,575
Pledges receivable—Note 5	53,898	640
Prepaid expenses	21,100	9,330
	<hr/>	<hr/>
Total Current Assets	279,249	468,561
Property and equipment, net—Note 6	951,885	1,001,249
Collections—Note 2		
	<hr/>	<hr/>
Total Assets	<u>\$ 1,231,134</u>	<u>\$ 1,469,810</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 19,684	\$ 14,295
Accrued liabilities—Note 7	21,925	19,391
Deferred revenue	8,188	22,958
	<hr/>	<hr/>
Total Current Liabilities	49,797	56,644
 Net Assets		
Unrestricted	979,210	1,106,580
Temporarily restricted—Note 8	189,087	293,546
Permanently restricted—Note 10	13,040	13,040
	<hr/>	<hr/>
Total Net Assets	1,181,337	1,413,166
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,231,134</u>	<u>\$ 1,469,810</u>

See independent accountant's review report and notes to the financial statements.

Youth Science Institute
Statement of Activities
Year Ended September 30, 2016
(with comparative totals for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Support and Revenues					
Program fees	\$ 466,920	\$	\$	\$ 466,920	\$ 436,261
Grants and contributions	82,132	246,954		329,086	652,689
Contributions in-kind—Note 11	218,660			218,660	227,111
Government grants and contracts	50,000			50,000	50,000
Admissions	3,729			3,729	3,995
Other income	3,257			3,257	1,885
Interest and dividends	1,796	193		1,989	1,156
Net realized and unrealized change in investments	(963)	3,038		2,075	(2,250)
Total Support and Revenue Before Reclassifications	825,531	250,185		1,075,716	1,370,847
Reclassifications					
Net assets released from restrictions—Note 9	354,644	(354,644)			
Total Support and Revenue After Reclassifications	1,180,175	(104,459)		1,075,716	1,370,847
Expenses					
Program services	881,619			881,619	881,161
Management and general	302,738			302,738	351,311
Fundraising	123,188			123,188	156,255
Total Expenses	1,307,545			1,307,545	1,388,727
Change in Net Assets	(127,370)	(104,459)		(231,829)	(17,880)
Net Assets at Beginning of Year	1,106,580	293,546	13,040	1,413,166	1,431,046
Net Assets at End of Year	\$ 979,210	\$ 189,087	\$ 13,040	\$ 1,181,337	\$ 1,413,166

See independent accountant's review report and notes to the financial statements.

Youth Science Institute
Statement of Functional Expenses
Year Ended September 30, 2016
(with comparative totals for 2015)

	Program Services	Supporting Services		2016 Total	2015 Total
		General and Administrative	Fundraising		
Salaries	\$ 393,010	\$ 141,372	\$ 94,155	\$ 628,537	\$ 604,492
Employee benefits	62,803	8,203	5,590	76,596	65,249
Payroll taxes	37,492	13,595	9,061	60,148	56,079
Total Payroll, Taxes, and Benefits	493,305	163,170	108,806	765,281	725,820
Rent	205,294	2,483	573	208,350	208,350
Professional services	8,327	88,795	9,406	106,528	244,505
Depreciation	48,285		1,079	49,364	49,640
Advertising	4,582	24,005		28,587	24,260
Computer, internet and telephone	17,679	4,052	181	21,912	14,666
Repairs, maintenance and small equipment	16,259	552	110	16,921	11,419
Insurance	11,573	4,128	146	15,847	15,197
Supplies	14,393	712	148	15,253	10,725
Bank fees and payroll processing	12,622	1,862	739	15,223	14,365
Utilities	14,142	573	85	14,800	17,217
Outside services	767	9,847	1,029	11,643	24,255
Travel	10,151	502	105	10,758	8,774
Printing	6,988	1,031	409	8,428	6,447
Animal care	7,780	59		7,839	8,464
Miscellaneous	4,799	708	283	5,790	11
Site improvements	2,451	30	6	2,487	731
Postage and shipping	918	37	6	961	590
Dues and subscriptions	668	98	39	805	
Event expenses	636	94	38	768	778
Development and recognition					2,513
Total Expenses	\$ 881,619	\$ 302,738	\$ 123,188	\$ 1,307,545	\$ 1,388,727

See independent accountant's review report and notes to the financial statements.

**Youth Science Institute
Statement of Cash Flows
Year Ended September 30, 2016
(with comparative totals for 2015)**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (231,829)	\$ (17,880)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	49,364	49,640
Net realized and unrealized change in investments	(2,075)	2,250
Changes in operating assets and liabilities:		
Accounts receivable	(3,475)	5,060
Pledges receivable	(53,258)	240
Prepaid expenses	(11,770)	(6,844)
Accounts payable	5,389	116
Accrued liabilities	2,534	(2,693)
Deferred revenue	(14,770)	3,254
Cash Provided by (Used in) Operating Activities	(259,890)	33,143
Cash Flows from Investing Activities		
Proceeds from sale of investments	149,939	50,000
Purchases of investments	(100,728)	
Cash Provided by Investing Activities	49,211	50,000
Net Increase (Decrease) in Cash	(210,679)	83,143
Cash and Cash Equivalents at Beginning of Year	344,310	261,167
Cash and Cash Equivalents at End of Year	\$ 133,631	\$ 344,310
Supplementary Disclosures		
Income taxes paid	\$	\$
Interest paid	\$	\$

See independent accountant's review report and notes to the financial statements.

**Youth Science Institute
Notes to Financial Statements
September 30, 2016
(with comparative totals for 2015)**

Note 1—Organization

Organization—The mission of Youth Science Institute (YSI) is to “inspire enthusiasm for science and a love of learning” in people of all ages. YSI’s core programs are School and Group Programs, Summer Science Camps, and Science Safaris, teaching hands-on, nature-based science to nearly 30,000 individuals per year. The vast majority of the individuals YSI teaches are schoolchildren (K-8) who are introduced to YSI through its School and Group Programs. YSI is committed to ensuring these programs are available to low-income, academically at-risk, and underserved populations.

Early childhood science education is important, but most public schools face obstacles to include it in their curriculum. Many public school teachers do not have the time, science background, instructional materials, or facilities to teach science, yet studies show that early exposure of children to STEM (Science, Technology, Engineering, and Math) subjects is critical to sparking a life-long interest in STEM. The need to enhance science education through out-of-school providers like YSI is underscored by a study of Bay Area elementary schools revealing 80% of K-5 teachers spend 60 minutes or less per week on science, and 16% spend no time at all on science. Without supplemental science education from out-of-school providers like YSI, many Silicon Valley students would not have a complete grade-level science curriculum.

YSI maintains three Science and Nature Centers delivering hands-on, nature-based science programs: Alum Rock Park, San Jose; Sanborn County Park, Saratoga; and Vasona Lake County Park, Los Gatos. Each Science and Nature Center has specialized and unique artifacts, collections, and resources that connect children with nature while teaching science. If teachers cannot bring their students to YSI, YSI brings their programs to them. YSI’s inquiry-based, life, physical, earth, and social science programs enrich traditional school-based curricula by providing authentic engagement. For example, rather than learning about the Ohlone Indians by reading about them in a book, the YSI program immerses children in the Ohlone Indians’ way of life, culture, customs, history, and the environment in which they lived.

YSI’s experiential, hands-on, park-based programs spark interest and engagement in a way that no other learning opportunity can: half of its programs feature a nature walk and/or a hands-on encounter with its collection of live animals. For example, in YSI’s *Animals and Their Adaptations* program, children get a unique hands-on experience with live animals – from toads, newts, snakes, and turtles, to bearded dragons and chinchillas.

YSI believes, as Margaret Mead said, “Children must be taught how to think, not what to think.” As such, YSI encourages children to be active participants in their own learning. The hands-on nature of YSI programs helps children see that science is fun and exciting, and has real world applications. When children see the relevance of science, learning becomes more meaningful and memorable. YSI’s goals are to encourage the development of 21st century skills such as critical thinking, problem solving, creativity, communication, and teamwork that are necessary for academic and, ultimately, economic success.

Youth Science Institute
Notes To Financial Statements—Continued

Note 1—Organization—Continued

Finally, whether delivered indoors or outdoors, YSI programs help to connect children with the wonders of nature through the principles of the scientific process. Children learn cause and effect, and that each decision has an impact. YSI nature-based programs help children understand John Muir's wisdom: "When we tug at a single thing in nature, we find it is attached to the rest of the world." This understanding helps children develop skills for making good stewardship choices for local environments and the planet.

During the fiscal year ended September 30, 2016, YSI delivered 1,126 hands-on School and Group Programs to 28,593 K-8 public school students children, 21% of whom were from low-income, Title I-eligible schools (based on the percent of students eligible for free and reduced-price meals). Of the programs offered during the year, 243 were provided for free to low-income, Title I-eligible schools. YSI filled 819 seats in its Summer Science Camps (representing 643 individual children), and 18 low-income children attended for free. YSI also served 234 individuals through its Science Safaris.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets of YSI and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of YSI.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of YSI and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently restricted net assets—Net assets for which the donor has stipulated that the principal be maintained into perpetuity. Generally, the donors of these assets permit YSI to use all or part of the income earned on related investments for general or specific purposes. It is the policy of YSI to record restricted support as unrestricted support where the donor-restrictions have been satisfied within the reporting period.

Income Taxes—YSI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at September 30, 2016 and 2015. Generally, YSI's information returns remain open for examination for a period of three years (federal) or four years (state of California) from the date of filing.

Youth Science Institute

Notes To Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Cash and Cash Equivalents—YSI considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Furniture and Equipment—Depreciable assets are recorded at historical cost or fair market value at date of donation and are depreciated using the straight line method over their useful lives, ranging from three to seven years. It is YSI's policy to expense items under \$500.

Collections—YSI has a collection of animal skins and mounts, bird mounts, rocks and other geographical artifacts, Native American artifacts, and other nature-based teaching materials of value, that have been donated or purchased by YSI since 1953. A portion of the overall collection is on display at YSI's three Science and Nature Centers. A significant portion is in storage due to lack of display space. YSI does not currently have a staff curator; care and inventory of the collection is managed by staff on an as-needed basis. Contributions or purchases of items for the collection are not reflected in the accompanying statements of financial position since YSI does not capitalize collections.

Deferred Revenue—Deferred revenue consists primarily of funds received for program fees in advance of an upcoming event. YSI records these transactions as deferred revenue until the event occurs.

Concentrations of Credit Risk—YSI maintains cash balances with various high quality financial institutions, where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such cash and cash equivalent balances are in excess of the FDIC insurance limits. Management regularly reviews the financial stability of its cash and money market fund depositories and deems the risk of loss due to these concentrations to be minimal.

Contributions—Contributions are reported as support revenue in the period received and as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the accompanying statement of activities.

Government Grants—Revenues from government grants are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable.

Functional Expenses—YSI allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using various appropriate methods.

Advertising—YSI's policy is to expense advertising costs as they are incurred. Advertising expenses for the years ended September 30, 2016 and 2015 were \$28,587 and \$24,260, respectively.

Youth Science Institute

Notes To Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Totals for 2015—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with YSI's reviewed financial statements for the year ended September 30, 2015, from which the summarized information was derived.

Note 3—Investments

Investments consist of the following as of September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Certificates of deposit	\$ 49,988	\$ 99,974
Equity securities	10,169	7,908
Mutual funds	5,413	4,824
Totals	<u>\$ 65,570</u>	<u>\$ 112,706</u>

Investments are classified as follows as of September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unrestricted investments	\$ 38,287	\$ 88,654
Temporarily restricted investments	14,243	11,012
Permanently restricted investments	13,040	13,040
Totals	<u>\$ 65,570</u>	<u>\$ 112,706</u>

Net investment income is comprised of the following for the years ended September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 1,989	\$ 1,156
Net realized and unrealized change in investments	2,075	(2,250)
Net	<u>\$ 4,064</u>	<u>\$ (1,094)</u>

Youth Science Institute
Notes To Financial Statements—Continued

Note 4—Fair Value

Accounting standards have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the entity has the ability to access at the measurement date. YSI's Level 1 assets consist of common stock and mutual funds.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data. YSI's Level 2 assets consist of a FDIC-insured certificate of deposit.

Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. YSI's had no Level 3 assets or liabilities at September 30, 2016 and 2015.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Fair values of assets and liabilities measured on a recurring basis at September 30, 2016 and 2015 consist of investments with a fair value of \$65,570 and \$112,706, respectively, which are considered Level 1 assets.

Note 5—Pledges Receivable

Pledges receivable at September 30, 2016 and 2015 consist of receivables from foundations and individual donations due within a year, totaling \$53,898 and \$640, respectively.

Note 6—Property and Equipment, Net

Property and equipment, net at September 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 1,602,309	\$ 1,602,309
Furniture and fixtures	236,137	236,137
Equipment and machinery	64,457	64,457
	<u>1,902,903</u>	<u>1,902,903</u>
Less accumulated depreciation	<u>(951,018)</u>	<u>(901,654)</u>
Net	<u>\$ 951,885</u>	<u>\$ 1,001,249</u>

Total depreciation expense recorded for the years ended September 30, 2016 and 2015 was \$49,364 and \$49,641, respectively.

Youth Science Institute
Notes To Financial Statements—Continued

Note 7—Accrued Liabilities

Accrued liabilities at September 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Accrued vacation	\$ 16,367	\$ 13,892
Accrued payroll	5,558	5,499
Totals	<u>\$ 21,925</u>	<u>\$ 19,391</u>

Note 8—Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Future period general support	\$ 50,000	\$ 150,000
Fiscal year operating support	45,000	
School programs	36,185	113,814
Wildlife Festival	29,584	1,000
Endowment accumulated earnings—unappropriated	14,243	11,012
Summer science camp	10,000	381
Small equipment	4,075	
Organizational development		10,000
Events		7,339
Totals	<u>\$ 189,087</u>	<u>\$ 293,546</u>

Note 9—Net Assets Released From Restrictions

During the years ended September 30, 2016 and 2015, net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	<u>2016</u>	<u>2015</u>
School programs	\$ 200,394	\$ 156,607
Future period general support	100,000	55,295
Small equipment	13,005	350
Summer science camp	12,125	18,238
Organizational development	10,000	24,000
Sanborn and Vasona general program support	8,000	
Events	7,579	
Wildlife Festival	2,300	
Fiscal year operating support	1,241	2,862
Fundraising		74,725
Employee recognition		1,743
Totals	<u>\$ 354,644</u>	<u>\$ 333,820</u>

Youth Science Institute

Notes To Financial Statements—Continued

Note 10—Permanently Restricted Net Assets

YSI's endowment consists of funds established for a variety of purposes. As required by 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.

The Board of Directors of YSI has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, YSI 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 in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by YSI in a manner consistent with the standard of prudence prescribed by the California version of UPMIFA.

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

- 1) The duration and preservation of the fund
- 2) The purposes of the YSI and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of YSI
- 7) The investment policies of YSI

Funds With Deficiencies—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the permanently restricted net assets balance. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature are required to be reported in unrestricted net assets. There were no such deficiencies as of September 30, 2016 and 2015.

Return Objectives, Risk Parameters and Strategies—YSI's investment objectives are the preservation and protection of YSI's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments. Endowment assets include those assets of donor-restricted funds that YSI must hold in perpetuity.

Allowable investments of YSI shall be made exclusively with the following securities:

- 1) Federally-insured certificates of deposit at commercial banks or savings & loan institutions; not to exceed current FDIC limits;
- 2) U.S. Treasury securities and securities of Federal agencies and instrumentalities;
- 3) Repurchase agreements with financial institutions, collateralized by U.S. Treasury or Federal agency securities;
- 4) Money market funds that invest in securities approved under these guidelines.

Youth Science Institute
Notes To Financial Statements—Continued

Note 10—Permanently Restricted Net Assets—Continued

In addition to the above instruments, the endowment fund may invest in investment grade corporate bonds. The endowment fund may also invest in common stocks or mutual funds up to 50% of the total endowment fund as deemed appropriate by the Finance Committee and the investment counselors.

Spending Policy and How the Investment Objectives Relate to Spending Policy—YSI has a policy of appropriating for distribution each year an amount not to exceed 5% of its endowment fund’s average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, YSI considered the long-term expected return on its endowment. This is consistent with YSI’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets consist of:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at September 30, 2014	\$ 12,855	\$ 13,040	\$ 25,895
Interest and dividends	401		401
Net realized and unrealized change in investments	(2,244)		(2,244)
Endowment Net Assets at September 30, 2015	<u>11,012</u>	<u>13,040</u>	<u>24,052</u>
Interest and dividends	193		193
Net realized and unrealized change in investments	3,038		3,038
Endowment Net Assets at September 30, 2016	<u><u>\$ 14,243</u></u>	<u><u>\$ 13,040</u></u>	<u><u>\$ 27,283</u></u>

Youth Science Institute
Notes To Financial Statements—Continued

Note 11—Contributions In-Kind

The estimated fair value of donated rent, utilities, materials and expert services received are recorded as contributions in-kind. Contributions in-kind received by YSI for the years ended September 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Rent	\$ 208,350	\$ 208,350
Utilities	7,050	7,050
Outside services	1,696	950
Professional services	1,192	3,686
Animal care	226	874
Supplies	146	2,317
Printing		1,630
Travel		1,268
Meals/entertainment		927
Postage and shipping		59
Totals	\$ 218,660	\$ 227,111

Note 12—Contingencies

Grants and contracts awarded to YSI are subject to the funding agencies' criteria, contract terms, and regulations under which expenditures may be charged and are subject to audit under such terms, regulations, and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, YSI could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period. YSI would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

Note 13—Related Party Transactions

During the years ended September 30, 2016 and 2015, YSI received combined contributed support of \$36,244 and \$200,000, respectively, from an officer of YSI and a charitable fund controlled by that officer. The funds were intended to help bridge the gap between revenue and expense while the organization works to strengthen and expand its fundraising capacity.

Note 14—Subsequent Events

Management evaluated all activities of Youth Science Institute through May 24, 2017, which is the date the financial statements were available to be issued, and concluded that no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.