PROGRAM FOR EARLY PARENT SUPPORT

ACCOUNTANTS' REVIEW REPORT
AND FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

PROGRAM FOR EARLY PARENT SUPPORT

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FINNEY, NEILL & COMPANY, P.S.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Program for Early Parent Support

We have reviewed the accompanying financial statements of Program for Early Parent Support (a not for profit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 conformity with accounting principles generally accepted in the United States of America.

Finney, Neill & Company, P.S.

June 30, 2016
Seattle, Washington

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PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)
Statements of Financial Position
December 31, 2015 and 2014

ASSETS	2015	2014
Current assets:		
Cash and cash equivalents	$ 369,873	390,025
Investments	184,445	188,432
Pledges receivable, net	310,315	83,111
Other receivable	111,129	6,137
Prepaids and other	18,942	22,727
Total current assets	994,704	690,432
Pledges receivable, net	110,051	53,370
Endowment	61,351	62,458
Fixed assets, net	244,315	12,607
Total assets	$ 1,410,421	818,867
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other liabilities	$ 50,514	16,835
Accrued vacation and SEP IRA match	25,642	29,959
Deferred revenue	119,811	27,850
Total liabilities	195,967	74,644
Net assets:		
Unrestricted	730,579	555,859
Temporarily restricted	433,783	138,272
Permanently restricted	50,092	50,092
Total net assets	1,214,454	744,223
Total liabilities and net assets	$ 1,410,421	818,867

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT
(A Not For Profit Organization)
Statements of Activities
Years ended December 31, 2015 and 2014

	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS		
Support and Revenue:		
Contributions	$ 88,054	102,409
Grants	78,645	26,890
Program service fees	383,023	366,981
Special events, net	276,693	268,805
In-kind contributions	375,083	353,370
Investment income	4,707	5,236
Realized and unrealized gain (loss) on investments	(3,973)	5,363
	1,202,232	1,129,054
Net assets released from restrictions:		
Satisfaction of program restrictions	338,314	50,327
Satisfaction of time restrictions	41,118	51,907
Appropriation of endowment assets for expenditure	-	1,959
	379,432	104,193
Total unrestricted support, revenue, and other support	1,581,664	1,233,247
Expenses:		
Programs	1,055,629	919,748
Management and general	97,897	79,880
Fundraising	253,418	215,124
Total expenses	1,406,944	1,214,752
Increase (decrease) in unrestricted net assets	174,720	18,495
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	676,050	109,655
Unappropriated earnings (loss) on endowment fund	(1,107)	2,193
Net assets released from restrictions	(379,432)	(104,193)
Increase (decrease) in temporarily restricted net assets	295,511	7,655
Increase (decrease) in net assets	470,231	26,150
Net assets at beginning of year	744,223	718,073
Net assets at end of year	$ 1,214,454	744,223

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT
(A Not For Profit Organization)
Statement of Functional Expenses
Year ended December 31, 2015

	Programs	Management & General	Fundraising	Total
Salaries, taxes, and benefits	$ 361,242	72,106	145,917	579,265
Professional fees	173,845	15,145	27,508	216,498
Rent and other lease expense	45,654	4,318	13,253	63,225
Board expenses	924	140	323	1,387
Conferences and education	12,691	346	21,348	34,385
Credit card fees	11,999	865	3,853	16,717
Equipment	8,377	723	14,989	24,089
Insurance	4,095	620	988	5,703
Memberships	-	-	326	326
Mileage and parking	7,833	644	1,864	10,341
Miscellaneous	1,409	36	2,738	4,183
Postage	6,290	70	2,046	8,406
Printing	13,246	126	10,906	24,278
Supplies	11,048	972	3,178	15,198
Excise tax	5,925	160	-	6,085
Telephone	10,220	756	1,626	12,602
Depreciation and amortization	5,748	870	1,387	8,005
Uncollectible pledges	-	-	1,168	1,168
Expenses before in-kind	680,546	97,897	253,418	1,031,861
In-kind facilities and services	375,083	-	-	375,083
Total expenses	$ 1,055,629	97,897	253,418	1,406,944

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)
Statement of Functional Expenses
Year ended December 31, 2014

	Programs	Management & General	Fundraising	Total
Salaries, taxes, and benefits	$ 303,757	57,945	109,063	470,765
Professional fees	147,326	12,562	32,740	192,628
Rent and other lease expense	38,931	3,982	11,563	54,476
Board expenses	8,505	1,340	2,388	12,233
Conferences and education	6,513	61	20,427	27,001
Credit card fees	9,265	646	3,234	13,145
Equipment	7,392	613	13,625	21,630
Insurance	3,644	574	1,023	5,241
Memberships	184	22	323	529
Mileage and parking	3,137	16	1,300	4,453
Miscellaneous	1,753	20	3,479	5,252
Postage	4,947	8	2,616	7,571
Printing	6,491	(9)	7,848	14,330
Supplies	7,222	697	2,508	10,427
Excise tax	5,488	150	10	5,648
Telephone	6,016	745	1,688	8,449
Depreciation and amortization	5,807	508	906	7,221
Uncollectible pledges	-	-	383	383
Expenses before in-kind	566,378	79,880	215,124	861,382
In-kind facilities and services	353,370	-	-	353,370
Total expenses	$ 919,748	79,880	215,124	1,214,752

See accompanying notes and accountant's report.

PROGRAM FOR EARLY PARENT SUPPORT

(A Not For Profit Organization)
Statements of Cash Flows
Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from contributions, grants and fees	$ 1,205,549	919,225
Cash received from interest and other sources	4,721	5,225
Cash paid to employees and vendors	(993,242)	(843,415)
Net cash provided by operating activities	217,028	81,035
Cash flows from investing activities:		
Purchase of fixed assets	(237,180)	(10,097)
Net cash provided (used) by investing activities	(237,180)	(10,097)
Net increase (decrease) in cash	(20,152)	70,938
Cash at beginning of year	390,025	319,087
Cash at end of year	$ 369,873	390,025
Reconciliation of changes in net assets to net cash provided (used) by operating activities:		
Change in net assets	$ 470,231	26,150
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	3,973	(5,363)
Depreciation and amortization	8,005	7,220
Net unrealized change in endowment fund	1,107	(234)
(Increase) decrease in assets:		
Pledges receivable, net	(84,699)	75,843
Other receivables	(304,178)	(53,658)
Prepaids and other	1,266	(3,696)
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	33,679	2,913
Accrued vacation	(4,317)	9,560
Deferred revenue	91,961	22,300
Total adjustments	(253,203)	54,885
Net cash provided (used) by operating activities	$ 217,028	81,035

See accompanying notes and accountant's report.

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

Nature of Activities

Program for Early Parent Support (PEPS or the Organization) was established in 1982 in the State of Washington. The Organization's mission is to enable parents of infants and young children to build communities that empower them to meet the challenges of parenting through mutual support and sharing of information.

PEPS empowers families to build connection and community with other new parents in their own neighborhoods. Becoming a parent is a life-changing event and can be accompanied by vulnerability and feelings of isolation. Through weekly parenting peer-support groups, PEPS provides opportunities for social connection, skill building, shared learning, and supportive resources when families need it the most. Through PEPS and its use of the research-based Strengthening Families Framework as the backbone of programming, parents of infants and very young children come together to share in the joys and challenges of parenting, learn about their child's development, and form caring communities. In 2015, 280 PEPS Groups supported 3,276 new parents in developing healthy attachment with their babies, gaining confidence in their own abilities, and finding support and connection amongst their peers.

PEPS Newborn Groups meet in group members' homes for 12 consecutive weeks in the daytime or evening. Groups are led by trained volunteer facilitators and 90% of PEPS Groups continue to meet regularly after the formal program ends. Community-based groups are also offered for families with older babies or two or more children, including Baby Peppers, Second Time Around and Little Peppers. Little Peppers and Baby Peppers are typically led by paid facilitators.

PEPS also offers the Parent Talk Lecture Series, which includes quarterly presentations by subject matter experts for parents of newborns through toddlers, as well as special events for Dads, including meet-ups, parenting topic presentations and time to socialize. In 2015, 268 parents participated in lectures and Dads Events.

In an effort to meet unique needs of parents and partner with existing parent-serving organizations, PEPS formed The PEPS Network, through which it provides the PEPS model of parent peer-support groups to parent communities served by partner organizations. PEPS provides training, initial and on-going consulting, and a networking platform to connect PEPS Network partners. In 2015 PEPS helped five Network Partners launch an additional 23 Groups.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Presentation of Financial Statements for Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. This Topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset classes according to donor imposed restrictions. Accordingly, the net assets of the Organization have been reported as follows:

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

Basis of Presentation, continued

- *Unrestricted net assets* are those currently available at the discretion of the board for use in the activities of the Organization.
- *Temporarily restricted net assets* are those stipulated by donors for specific operating purposes or for a specific period of time.
- *Permanently restricted net assets* are in the form of endowment or sustaining funds in which only the income from such funds may be expended.

Net assets of the temporarily and permanently restricted class are created only by donor-imposed restrictions on the use of funds. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

Accounting Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents
For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments
Investments consist of investments in mutual funds which are classified as available-for-sale securities carried at fair value. Net unrealized investment gains (losses) related to available-for-sale securities are recorded in the total change in net assets. Interest and dividends earned are reported in interest and other income. Program for Early Parent Support uses quoted market prices or public market information to determine the fair value of its investments. Gains and losses on dispositions are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statement of activities.

Fixed Assets, Depreciation and Amortization
Fixed assets are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to five years. Depreciation begins when the assets are placed in service. Repairs and maintenance of fixed assets are expensed as incurred. The Organization generally follows the practice of capitalizing expenditures for property and equipment in excess of $1,500 with useful lives greater than three years. Depreciation expense for the years ended December 31, 2015 and 2014 was $4,688 and $4,655, respectively. Amortization expense for the years ended December 31, 2015 and 2014 was $2,533 and $2,533, respectively

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

Long-Lived Assets and Amortization

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There were no impairment losses recognized for the years ended December 31, 2015 and 2014.

Restricted and Unrestricted Support and Revenue Recognition

Contributed support is recorded when cash is received or when ownership of donated assets is transferred. The Organization has adopted the Revenue Recognition for Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. In accordance with this Topic, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions.

Contributions received with donor stipulations that limit the use of the donated assets are reported as temporarily or permanently restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

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

Donated services, supplies and facilities

Donated services are recorded as professional service expense arising from trained newborn group leader volunteers (see Note 12). Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments. No amounts have been recorded for those hours as they did not meet the qualifying criteria for recognition. Donations of supplies and facilities are recorded as revenue at the estimated fair value at the date of donation.

100% of board members contribute to the long-term financial health and integrity of the Organization through both individual contributions and time.

Income Tax Status

The Internal Revenue Service has recognized PEPS as exempt from federal income taxes under Section 501(c)(3) and is classified as an organization other than a private foundation under Section 509(a)(1). Accordingly, no provision has been made for federal income tax in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

1. DESCRIPTION OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES, continued

Income Tax Status

The Organization accounts for tax positions in accordance with the FASB Accounting Standards Codification Topic No. 740, *Income Taxes*. With few exceptions, the Organization is subject to federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed the Organization's tax positions and determined there were no uncertain tax positions as of December 31, 2015 and 2014 that could result in unrelated business taxes to the Organization or loss of its non-profit status.

The Organization recognizes income tax related interest in interest expense and penalties in operating expenses. During the years ended December 31, 2015 and 2014, the Organization recognized no income tax related interest or penalties.

Subsequent Events

Subsequent events have been evaluated through June 30, 2016, which is the date the financial statements were available to be issued.

Reclassifications

Certain balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the change in net assets.

2. FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this topic are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

a. Quoted prices for similar assets or liabilities in active markets,

b. Quoted prices for identical or similar assets or liabilities in inactive markets,

c. Inputs other than quoted prices that are observable for the asset or liability,

d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

These notes are an integral part of the financial statements.

2. FAIR VALUE MEASUREMENTS , continued

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- Mutual funds: valued at the net asset value of shares held at year end.
- Endowment assets: valued at the net asset value of shares held in the investment pool managed by The Seattle Foundation as allocated to the Organization's individual account.

All investments are classified under level 1 measurements within the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

3. INVESTMENTS

Investment income consists of the following for the years ended December 31:

	2015	2014
Interest and dividends	$ 4,707	5,236
Realized gains (losses)	14	(11)
Unrealized gains (losses)	(3,987)	5,374
	734	10,599
Endowment:		
Interest and dividends	1,043	1,181
Realized gains (losses)	1,736	1,743
Unrealized gains (losses)	(2,963)	180
Less fees	(923)	(911)
	(1,107)	2,193
	$ (373)	12,792

4. PLEDGES RECEIVABLE

The Organization holds fund-raising campaigns to sustain future operations. The resulting unconditional promises to give are not restricted to any particular program. The allowance for uncollectible pledges receivable is calculated at a rate commensurate with the risk involved of 4% at December 31, 2015 and 2014.

4. PLEDGES RECEIVABLE, continued

Pledges receivable include the following at December 31:

	2015	2014
Receivable in less than one year	$ 317,594	87,103
Receivable in one to five years	110,496	55,934
	428,090	143,037
Less allowance for uncollectible accounts	(6,000)	(6,000)
Less net present value discount (1.14% for 2015 and 2014)	(1,724)	(556)
Pledges receivable, net	$ 420,366	136,481

5. ENDOWMENT

The Endowment is funds held in an investment pool managed by The Seattle Foundation (the Foundation). The Foundation was established in 1946, and since its formation has managed funds for many not-for-profit organizations in the Puget Sound area. Realized and unrealized gains/losses from securities in the investment pool are allocated to the individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investment accounts, as adjusted for additions to/deductions from those accounts. The Foundation's assets are principally in trusts from which income is distributed to the participating organizations. The Foundation guarantees a minimum 5% return on invested assets for the first year. Thereafter, invested assets may earn a higher rate of return and all earnings in excess of 5% are reinvested in the trust. The Foundation distributed $0 and $1,959 in earnings during the years ended December 31, 2015 and 2014, respectively. To satisfy its long-term objectives, the Organization has established investment policies that rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In 2015, PEPS' Board of Directors requested the Foundation discontinue the distribution of earnings, allowing the funds to be reinvested.

The Board of Directors of the Organization has interpreted 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, the Organization classifies as permanently restricted net assets the original value of gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

5. ENDOWMENT, continued

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 the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following:

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

The funds held with the Foundation include permanently restricted endowment contributions and investment appreciation. Permanently restricted funds held by the Foundation are $50,092 at December 31, 2015 and 2014.

Endowment investment fund composition:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
December 31, 2015				
Seattle Foundation	$ -	11,259	50,092	61,351
December 31, 2014				
Seattle Foundation	$ -	12,366	50,092	62,458

Changes in Endowment Net Assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2014	$ -	12,132	50,092	62,224
Investment return	-	2,193	-	2,193
Appropriation of Endowment assets for expenditure	-	(1,959)	-	(1,959)
Endowment net assets, December 31, 2014	-	12,366	50,092	62,458
Investment return	-	(1,107)	-	(1,107)
Appropriation of Endowment assets for expenditure	-	-	-	-
Endowment net assets, December 31, 2015	$ -	11,259	50,092	61,351

5. FIXED ASSETS

Fixed assets consisted of the following at December 31:

	2015	2014
Office equipment	$ 20,029	24,116
Furniture	19,622	19,622
Software	282,920	45,740
	322,571	89,478
Less accumulated depreciation	(78,256)	(76,871)
Fixed assets, net	$ 244,315	12,607

7. TEMPORARILY RESTRICTED NET ASSETS

The following schedule summarizes the Organization's temporarily restricted net asset composition for the years ended December 31, 2015 and 2014:

	2015	2014
Board training	$ 45,131	6,000
Growing Impact campaign	199,605	-
Time restricted (pledges outstanding)	177,787	119,906
Unappropriated earnings on Endowment Fund	11,260	12,366
Total temporarily restricted net assets	$ 433,783	138,272

8. LEASE EXPENSE

The Organization leases office equipment under an operating lease signed July 30, 2012. The lease is for a period of 60 months. Scheduled lease payments for the years ending December 31, are as follows:

Years ending	
2016	$ 2,580
2017	1,505
	$ 4,085

Rental expense for office equipment under lease totaled $3,344 and $3,177 for the years ended December 31, 2015 and 2014, respectively.

8. LEASE EXPENSE, continued

The Organization leases office space under a lease agreement dated January 11, 2007 and amended December 15, 2011 to renew the lease for 60 months. The lease renewal is for a period of 60 months.

Scheduled lease payments for the years ending December 31, are as follows:

Years ending	
2016	$ 36,033
2017	3,010
	$ 39,043

Rental expense for office space totaled $33,974 and $33,017 for the years ended December 31, 2015 and 2014, respectively.

9. DEFERRED REVENUE

In December 2015, the Organization transitioned to a new Registration/CRM System requiring group participants to pay for group fees at the time of registration. Because a portion of these fees were for groups starting in the following year, the Organization adopted a policy to defer group fee revenue collected in the year prior to the groups start date. As of December 31, 2015, deferred program fee revenue was $84,691. Additionally, the Organization recorded deferred revenue associated with the luncheon and other activities of $35,120 and $27,850 at December 31, 2015 and 2014, respectively.

10. SPECIAL EVENTS

Special events revenue included the following activity during the years ended December 31:

	2015	2014
Luncheon revenues and contributions	$ 272,967	237,840
PEPSapalooza contributions, net	-	30,965
Other special events	3,726	-
	$ 276,693	268,805

The luncheon is a significant annual event, and the costs related to it are an allocated expense in the statement of functional expenses.

The PEPSapalooza event occurred annually from 2009 to 2014 and was designed to create community awareness, bring PEPS families together and raise additional funds for the Organization. PEPSapalooza contributions are reported net of direct costs of $12,726 for the year ended December 31, 2014.

11. RETIREMENT PLAN

Organization offers a Savings Incentive Match Plan for Employees (SIMPLE). The plan allows for the Organization to match employee contributions up to three percent of the employees' eligible wages. Employer contributions for the years ended December 31, 2015 and 2014 were $12,954 and $8,694, respectively.

12. IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following for the years ended December 31:

	2015	2014
In-kind services - Newborn Groups Program	$ 210,960	213,600
In-kind facilities - Newborn Groups Program	164,123	139,770
	$ 375,083	353,370

These notes are an integral part of the financial statements.