

Educational First Steps

Financial Statements

May 31, 2015 and 2014

Educational First Steps

Financial Statements

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Educational First Steps

Report on the Financial Statements

We have audited the accompanying financial statements of Educational First Steps, which comprise the Statements of Financial Position as of May 31, 2015 and 2014, and the related Statements of Activities and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditors consider 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 circumstance 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Educational First Steps as of May 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information in the Schedules of Functional Expenses is presented for purposes of additional analysis of the financial statements rather than to present the financial position, results of operations and cash flows of the entity, and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Albright, Hill & Sumpter, PC
Certified Public Accountants

August 11, 2015

Educational First Steps
 Statements of Financial Position
 May 31, 2015 and 2014

Assets

	2015	2014
Current assets		
Cash and cash equivalents	\$ 1,324,432	\$ 487,973
Promises to give	522,593	1,521,758
Short-term investments	1,708,081	1,698,672
Prepaid expenses	33,548	3,137
Other current assets	343	212
Total current assets	3,588,997	3,711,752
Property and equipment		
Computer equipment	78,864	62,214
Office equipment, furniture and fixtures	34,353	26,587
Building	1,251,095	1,251,095
Land	201,778	201,778
Less: accumulated depreciation	(91,830)	(36,208)
Total property and equipment	1,474,260	1,505,466
Noncurrent assets		
Promises to give in greater than one year	530,000	-
Investments	1,088,749	472,139
Total assets	\$ 6,682,006	\$ 5,689,357

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 40,198	\$ 108,665
Accrued expenses	68,744	51,882
Total current liabilities	108,942	160,547
Net assets		
Unrestricted	5,601,750	4,013,810
Temporarily restricted	971,314	1,515,000
Total net assets	6,573,064	5,528,810
Total liabilities and net assets	\$ 6,682,006	\$ 5,689,357

The accompanying notes are an integral part of these statements.

Educational First Steps
Statement of Activities
For the year ended May 31, 2015

	2015		
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions and grants	\$ 2,305,588	\$ 971,314	\$ 3,276,902
Donated goods, services and facilities	56,908	-	56,908
Program service fees	1,947	-	1,947
Special event revenue	403,622	-	403,622
Investment earnings	31,058	-	31,058
Subtotal	<u>2,799,123</u>	<u>971,314</u>	<u>3,770,437</u>
Net assets released from restrictions	<u>1,515,000</u>	<u>(1,515,000)</u>	<u>-</u>
Total support and revenue	<u>4,314,123</u>	<u>(543,686)</u>	<u>3,770,437</u>
Expenses			
Program expenses:			
Education and training	2,091,115	-	2,091,115
Support and other expenses:			
Management and general	245,761	-	245,761
Fundraising	<u>389,307</u>	<u>-</u>	<u>389,307</u>
Total expenses	<u>2,726,183</u>	<u>-</u>	<u>2,726,183</u>
Other revenue (expense)			
Loss on disposal of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	1,587,940	(543,686)	1,044,254
Net assets at beginning of the year	<u>4,013,810</u>	<u>1,515,000</u>	<u>5,528,810</u>
Net assets at the end of the year	<u>\$ 5,601,750</u>	<u>\$ 971,314</u>	<u>\$ 6,573,064</u>

The accompanying notes are an integral part of this statement.

Educational First Steps
Statement of Activities
For the year ended May 31, 2014

	2014		
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions and grants	\$ 695,199	\$ 1,450,000	\$ 2,145,199
Donated goods, services and facilities	109,233	-	109,233
Program service fees	10,218	-	10,218
Special event revenue	338,296	-	338,296
Investment earnings	59,655	-	59,655
Subtotal	<u>1,212,601</u>	<u>1,450,000</u>	<u>2,662,601</u>
Net assets released from restrictions	125,000	(125,000)	-
Total support and revenue	<u>1,337,601</u>	<u>1,325,000</u>	<u>2,662,601</u>
Expenses			
Program expenses:			
Education and training	1,882,930	-	1,882,930
Support and other expenses:			
Management and general	264,066	-	264,066
Fundraising	<u>365,872</u>	<u>-</u>	<u>365,872</u>
Total expenses	<u>2,512,868</u>	<u>-</u>	<u>2,512,868</u>
Other revenue (expense)			
Loss on disposal of fixed assets	<u>(6,337)</u>	<u>-</u>	<u>(6,337)</u>
Change in net assets	(1,181,604)	1,325,000	143,396
Net assets at beginning of the year	<u>5,195,414</u>	<u>190,000</u>	<u>5,385,414</u>
Net assets at the end of the year	<u>\$ 4,013,810</u>	<u>\$ 1,515,000</u>	<u>\$ 5,528,810</u>

The accompanying notes are an integral part of this statement.

Educational First Steps
Statements of Cash Flows
For the years ended May 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$1,044,254	\$ 143,396
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	55,621	19,584
Unrealized (gain) on investments	(3,115)	(38,113)
Reinvested dividends and capital gains	(13,495)	(9,726)
(Increase) in accrued interest on Certificates of Deposit	(9,409)	-
Loss on disposal of fixed assets	-	6,917
Decrease (increase) in promises to give	469,165	(965,153)
(Increase) in prepaid expenses	(60,411)	(207)
(Increase) decrease in other current assets	(131)	368
(Decrease) increase in accounts payable	(38,467)	70,307
Increase in accrued expenses	16,862	1,568
Net cash provided by (used in) operating activities	<u>1,460,874</u>	<u>(771,059)</u>
Cash flows from investing activities		
Purchase of property and equipment	(24,415)	(1,499,864)
Purchases of short-term investments	-	(522,470)
Purchases of long-term investments	(600,000)	-
Net cash (used in) investing activities	<u>(624,415)</u>	<u>(2,022,334)</u>
Increase (decrease) in cash and cash equivalents	836,459	(2,793,393)
Cash at beginning of year	487,973	3,281,366
Cash at end of year	<u>\$1,324,432</u>	<u>\$ 487,973</u>
Additional information:		
In-kind contributions and expenses	<u>\$ 56,908</u>	<u>\$ 109,233</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the year for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Educational First Steps
Notes to Financial Statements
May 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Agency

Educational First Steps (the Agency) was formed in May 1990 in the state of Texas as a nonprofit organization. Its mission is to increase the availability of quality early childhood education for economically disadvantaged children.

Through its own work and collaborations with community partners, the Agency teaches caregivers how to create high-quality early learning environments to start these children on a path to academic success. Working principally with childcare centers in the most at-risk neighborhoods of North Texas, the Agency equips center directors and teachers with proven tools and techniques that transform basic caregiving into effective social-emotional and educational preparation. The ultimate goal of each center is to meet nationally-accredited quality standards. These services are delivered through a research-based program of professional development offered at the Agency itself and in local childcare center classrooms throughout North Texas. The Agency offers supporting programs that supply age-appropriate learning tools, materials and curricula that provide student enrichment opportunities at local cultural and academic venues and that encourage higher student enrollment at centers that have achieved its quality objectives.

Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. The Statement of Activities is a statement of the various financial activities and changes in net assets during the current reporting period. It does not purport to represent the results of operations, nor of net income or loss for the period, since as a non-profit organization the objective of the Agency is not to achieve a profit.

Revenue Recognition

All contributions, including long-lived assets, are considered to be available for unrestricted use unless specifically restricted by the donor.

Revenue and support that are restricted by the donor, including gains and investment income, are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction is satisfied by expenditures for the restricted purpose, by the expiration of time, or by the

Educational First Steps
Notes to Financial Statements
May 31, 2015 and 2014

occurrence of events specified by the donor, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants and other funds received from third parties in exchange for services or activities not yet performed, as well as refunds due third parties for amounts previously received under such agreements, are recorded as refundable advances in the Statement of Financial Position.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions expected to be received over more than one year are initially recorded based on expected future cash flows, discounted to present value if the estimated present value differs significantly from the recorded amount. Allowances are provided in periods subsequent to the initial recording for estimated uncollectable pledges.

Donated Goods and Services

Donated goods and services are recorded at their estimated fair market value at the time of receipt when there is an objective basis available to measure their value. A number of unpaid volunteers have made significant contributions of their time to develop the Agency's education and training programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Functional Allocation of Expenses

Expenses are classified into three functional categories - program service expense, general and administrative expense and fund raising expense. Program service expense includes expenses which directly relate to the accomplishment of the Agency's programs and certain expenses that are allocated on a functional basis. General and administrative expense includes expenses such as overhead and other supporting service expenses. Fund raising expense includes expenditures connected with fund raising activities. In some cases, expenses are allocated between program service and general and administrative expense categories by management.

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Notes to Financial Statements
May 31, 2015 and 2014

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all checking and savings accounts and short term investments with original maturity dates of ninety days or less to be cash and cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are carried at fair market value based upon quoted market prices. Certificates of deposit with readily determinable fair values are carried at fair market value based upon quoted market prices. Certificates of deposit and U.S. Treasury bills without readily determinable fair values are stated at cost, which approximates market value. Changes in fair market values are reported in the statement of activities.

At the discretion of the Board of Directors, various investments are identified to be held for long-term purposes.

Fair Values Measurement

The Agency categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the Agency is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

- Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.
- Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

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Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

Fair value measurement is based on quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security’s credit rating, prepayment assumptions and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. The Agency does not have any securities that are valued using Level 2 or 3 inputs.

Allowance for Bad Debts

The allowance method is used in accounting for bad debts. Management periodically reviews accounts/pledges receivable on an account-by-account basis concentrating on accounts more than ninety (90) days old. Management considers the Agency’s past history with the consumer/donor, current contact information and the size of the account in evaluating collectability. Accounts are written off when it appears collection efforts will not be successful. As of May 31, 2015 and 2014, management deemed all receivables collectable and no allowance necessary.

Property and Equipment

Property and equipment exceeding \$500 is recorded at cost, if purchased, or at its estimated fair market value at the date of gift, if donated. Depreciation is computed using the straight-line method over estimated lives of three to forty (3-40) years. The cost of maintenance and repairs is charged to expense as incurred. Depreciation expense was \$55,621 and \$19,584 for the years ended May 31, 2015 and 2014, respectively.

On April 14, 2014 the Agency purchased a building into which it relocated its operations. The purchase included the land, building and furniture and fixtures. The total purchase price was paid in cash and is allocated as follows:

Land	\$ 201,778
Building	1,251,095
Furniture and fixtures	25,000
	<u>\$ 1,477,873</u>

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Notes to Financial Statements
May 31, 2015 and 2014

Educational Consumable Supplies

Materials and supplies purchased for distribution through the participating centers are expensed when paid.

Net Asset Accounting

As a non-profit organization, the Agency's records are maintained on a net asset basis in order to ensure observance of limitations and restrictions placed on the use of its resources by donors.

Therefore, net assets are classified for accounting and reporting purposes into self-balancing accounts as follows:

Unrestricted net assets – those funds available for support of the Agency and its programs.

Temporarily restricted net assets – those funds limited by the donor(s) for later periods or specific purposes.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates and assumptions primarily relate to valuation, funding continuity and events as of the date of the financial statements. Accordingly, actual results could differ from these estimates and assumptions. Significant estimates are used in the valuation of accounts receivable, lives used to depreciate fixed assets and the allocation of functional expenses. The methods used in making accounting estimates are believed by management to be reasonable and have been consistently applied.

Federal Income Tax

The Internal Revenue Service has determined that the Agency qualifies for exemption from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, and is not classified as a private foundation within the meaning of Section 509(a). Accordingly, no provision for federal income taxes has been made.

NOTE 2 – FAIR VALUE MEASUREMENTS

Short-term investments of the Agency consist of bank certificates of deposit with maturities of greater than 90 days and totaled \$1,708,081 and \$1,698,672 at May 31, 2015 and 2014, respectively.

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Long-term investments consist of the following at May 31:

	2015		
	Cost	Gross	Fair Value
	Basis	Unrealized	(Level 1)
	Gains	Gains	(Level 1)
Mutual Funds (Level 1)	\$ 967,828	\$ 120,921	\$ 1,088,749
	2014		
	Cost	Gross	Fair Value
	Basis	Unrealized	(Level 1)
	Gains	Gains	(Level 1)
Mutual Funds (Level 1)	\$ 354,333	\$ 117,806	\$ 472,139

For the years ended May 31, 2015 and 2014 the components of investment earnings are:

	2015
Interest and dividends	\$ 27,943
Gains on investments	3,115
Total investment earnings	\$ 31,058
	2014
Interest and dividends	\$ 21,542
Gains on investments	38,113
Total investment earnings	\$ 59,655

NOTE 3 – PROMISES TO GIVE

As of May 31, 2015 and 2014, promises to give are estimated to be collected as follows:

	Year Ended May 31,	
	2015	2014
Within one year	\$ 522,593	\$ 1,521,758
One - two years	260,000	-
Three - five years	270,000	-
Total	\$ 1,052,593	\$ 1,521,758

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Notes to Financial Statements
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Due to current interest rates, any discount to present value of long-term promises to give would be nominal.

Of the total promises to give, approximately 65% and 89% were from one donor as of May 31, 2015 and 2014, respectively.

NOTE 4 – RETIREMENT PLAN

The Agency has available, for all employees, an Internal Revenue Service Code Section 403(b) defined contribution plan, which is managed by a third-party administrator. Eligible employees can make voluntary contributions, subject to certain limitations, on a pretax basis. The Agency may make a discretionary employer contribution to the plan on an annual basis. Vesting is full and immediate. Plan assets are held in separate employee owned and directed accounts. The Agency elected to make a 2% matching contribution to the plan of \$4,938 and \$5,634 for the years ended May 31, 2015 and 2014, respectively.

NOTE 5 – LEASE COMMITMENTS

The estimated fair value of the use of donated facilities for the offices of the Agency (before its relocation in 2014) was \$0 and \$38,055 for the years ended May 31, 2015 and 2014, respectively, and is recorded as donated facilities support as well as occupancy expense in the accompanying Statements of Activities.

The Agency leases an office facility in Tarrant County. Monthly payments of \$1,004 are required. Under the agreement, the lease can be terminated at any time with a 30-day notice.

The Agency also leases office equipment under an operating lease that expires December 2017. Rental payments under non-cancelable operating leases were \$7,267 and \$3,180 for the years ended May 31, 2015 and 2014, respectively. The remaining minimum lease commitment pursuant to the lease is as follows:

Year Ended	
<u>May 31,</u>	<u>Amount</u>
2016	\$ 7,092
2017	7,092
2018	<u>4,728</u>
Total	<u><u>\$18,912</u></u>

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Notes to Financial Statements
May 31, 2015 and 2014

NOTE 6 – RESTRICTIONS ON NET ASSETS

Net assets are temporarily restricted for the following purposes at May 31:

	<u>2015</u>	<u>2014</u>
"Bridge" program	\$ 87,371	\$ -
"Leaders Taking Action" program	18,693	-
Children's enrichment	-	100,000
Future operations/program support	675,000	1,315,000
Future operations/program support - Dallas	15,250	-
Future operations/program support - Tarrant	125,000	100,000
Tarrant county enrollment	50,000	-
	<u>\$ 971,314</u>	<u>\$ 1,515,000</u>

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Agency maintains cash balances at multiple financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Agency's uninsured cash balances approximated \$0 and \$249,000 for the years ended May 31, 2015 and 2014, respectively.

NOTE 8 – REVENUE CONCENTRATION

For the years ended May 31, 2015 and 2014 the Agency received contributions/pledges from funds established at the Dallas Foundation by a single contributor. These contributions approximated 18% and 50% of total support and revenue for the years ended May 31, 2015 and 2014, respectively.

NOTE 9 – SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through August 11, 2015. Based on this review, no events have occurred requiring disclosure.

Educational First Steps
Notes to Financial Statements
May 31, 2015 and 2014

NOTE 10 - DISCLOSURES ABOUT UNCERTAINTY IN INCOME TAXES UNDER FASB ASC 740

The Agency files an annual information return. With few exceptions, the Agency is no longer subject to U.S. federal income tax examinations by tax authorities for years ending before May 31, 2012.

The Agency has adopted the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. There were no unrecognized tax benefits as of May 31, 2015 and 2014.

When present, the Agency recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in administrative expense. There were no such interest and penalties for the years ended May 31, 2015 and 2014.

Supplemental Schedules

Educational First Steps
Schedule of Functional Expenses
For the year ended May 31, 2015

	2015			
	Education and Training	Management and General	Fund Raising	Total Expenses
Salaries and wages	\$ 1,191,556	\$ 145,430	\$ 240,947	\$ 1,577,933
Payroll taxes	105,689	10,043	18,026	133,758
Health insurance/other benefits	87,794	34,337	8,594	130,725
Total compensation expense	<u>1,385,039</u>	<u>189,810</u>	<u>267,567</u>	<u>1,842,416</u>
Contractual services	59,936	19,264	7,681	86,881
Office supplies	20,722	3,752	3,124	27,598
Communications	20,683	2,123	1,388	24,194
Occupancy	45,780	7,683	3,691	57,154
Conference, meeting and travel	3,468	74	197	3,739
Equipment maintenance	5,768	950	549	7,267
Materials provided to centers	247,404	2,050	5,234	254,688
Enrichment field trips/events	51,334	-	-	51,334
EFS Academy expenses	73,736	-	-	73,736
Enrollment program	49,447	-	145	49,592
Insurance	9,850	1,129	1,363	12,342
Marketing	19,553	1,279	85,894	106,726
Special events	53,775	-	3,178	56,953
Other expenses	5,685	6,523	3,734	15,942
Total operating expenses	<u>2,052,180</u>	<u>234,637</u>	<u>383,745</u>	<u>2,670,562</u>
Depreciation	<u>38,935</u>	<u>11,124</u>	<u>5,562</u>	<u>55,621</u>
Total expenses	<u><u>\$ 2,091,115</u></u>	<u><u>\$ 245,761</u></u>	<u><u>\$ 389,307</u></u>	<u><u>\$ 2,726,183</u></u>

The accompanying notes are an integral part of this schedule.

Educational First Steps
Schedule of Functional Expenses
For the year ended May 31, 2014

	2014			
	Education and Training	Management and General	Fund Raising	Total Expenses
Salaries and wages	\$ 1,027,846	\$ 115,257	\$ 154,586	\$ 1,297,689
Payroll taxes	67,315	7,235	10,478	85,028
Health insurance/other benefits	88,242	40,181	(2,258)	126,165
Total compensation expense	1,183,403	162,673	162,806	1,508,882
Contractual services	135,557	63,020	42,444	241,021
Office supplies	10,045	5,834	3,283	19,162
Communications	33,248	3,237	18,028	54,513
Occupancy	56,008	17,377	6,675	80,060
Conference, meeting and travel	9,035	466	64	9,565
Equipment maintenance	2,944	795	398	4,137
Materials provided to centers	235,595	3,620	9,641	248,856
Enrichment field trips/events	94,519	-	-	94,519
EFS Academy expenses	90,878	61	-	90,939
Insurance	8,056	2,300	1,511	11,867
Marketing	1,507	30	42,107	43,644
Special events	-	-	75,476	75,476
Other expenses	8,426	736	1,481	10,643
Total operating expenses	1,869,221	260,149	363,914	2,493,284
Depreciation	13,709	3,917	1,958	19,584
Total expenses	\$ 1,882,930	\$ 264,066	\$ 365,872	\$ 2,512,868

The accompanying notes are an integral part of this schedule.