THE LEARNING SOURCE AND
THE LEARNING SOURCE FOUNDATION
Lakewood, Colorado

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Learning Source and The Learning Source Foundation
Lakewood, Colorado

We have audited the accompanying financial statements of The Learning Source (a nonprofit organization – the "Program") and The Learning Source Foundation (a nonprofit organization – the "Foundation") (together, considered the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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 opinions 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 audit 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2016 and 2015, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 17 through 20 is presented for purposes of additional analysis and 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.

Lakewood, Colorado
November 7, 2016

CONSOLIDATED FINANCIAL STATEMENTS

THE LEARNING SOURCE AND THE LEARNING SOURCE FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 314,679	$ 317,802
Beneficial interest in The Denver Foundation	875,909	240,676
Prepaid expenses	10,564	-
Accounts receivable	182,204	225,446
Total current assets	1,383,356	783,924
BUILDING AND EQUIPMENT - NET OF ACCUMULATED DEPRECIATION	52,665	1,222,457
Total Assets	$ 1,436,021	$ 2,006,381
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 81,807	$ 73,842
Deferred revenue	10,000	-
Loan - current portion	-	22,112
Total current liabilities	91,807	95,954
LONG TERM LIABILITIES		
Loan - long-term portion	-	353,524
Total liabilities	91,807	449,478
NET ASSETS		
Unrestricted net assets	1,344,214	1,556,903
Total liabilities and net assets	$ 1,436,021	$ 2,006,381

These consolidated financial statements should be read only in connection with the accompanying notes to the consolidated financial statements.

THE LEARNING SOURCE AND THE LEARNING SOURCE FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Support		
Contributions	$ 69,790	$ 121,810
In-kind contributions	337,423	352,455
Governmental grants and contracts		
Federal	610,938	660,501
Local	873,504	881,721
Total support	1,891,655	2,016,487
Revenue		
Program revenue	39,630	40,308
Investment income	2,233	1,566
(Loss) gain on investments	(2,041)	5,755
Other	5,161	5,377
Total revenue	44,983	53,006
Total support and revenue	1,936,638	2,069,493
EXPENSES		
Program services	1,682,463	1,683,739
Supporting services		
Administrative	239,144	149,398
Fundraising	116,649	92,645
Total supporting services	355,793	242,043
Total expenses	2,038,256	1,925,782
OTHER INCOME (EXPENSE)		
Loss on sale of assets	(111,071)	-
CHANGE IN UNRESTRICTED NET ASSETS	(212,689)	143,711
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	1,556,903	1,413,192
UNRESTRICTED NET ASSETS - END OF YEAR	$ 1,344,214	$ 1,556,903

These consolidated financial statements should be read only in connection with the accompanying notes to the consolidated financial statements.

THE LEARNING SOURCE AND THE LEARNING SOURCE FOUNDATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2016 and 2015

	2016				
		Supporting Services			
	Program Services	Administrative	Fund Raising	Subtotal	Total
Salaries	$ 997,500	$ 126,038	$ 69,098	$ 195,136	$ 1,192,636
Employee benefits	51,423	7,338	4,023	11,361	62,784
Payroll taxes	81,361	3,962	4,102	8,064	89,425
	1,130,284	137,338	77,223	214,561	1,344,845
Instructional materials and supplies	36,303	-	-	-	36,303
Donated services, supplies and facilities	338,296	-	-	-	338,296
Contract labor	14,542	-	-	-	14,542
Teacher stipends	16,000	-	-	-	16,000
Consumable supplies	1,450	-	343	343	1,793
Facilities	64,810	30,169	12,929	43,098	107,908
Dues and subscriptions	3,504	1,278	547	1,825	5,329
Professional services	17,712	6,456	2,767	9,223	26,935
Other operating expenses	22,478	16,165	6,928	23,093	45,571
Professional development	16,076	-	-	-	16,076
Interest	12,708	1,059	353	1,412	14,120
Depreciation	8,300	46,679	15,559	62,238	70,538
	177,580	101,806	39,426	141,232	318,812
Total Expenses	$ 1,682,463	$ 239,144	$ 116,649	$ 355,793	$ 2,038,256

These consolidated financial statements should be read only in connection with the accompanying notes to the consolidated financial statements.

THE LEARNING SOURCE AND THE LEARNING SOURCE FOUNDATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2016 and 2015

	2015				
		Supporting Services			
	Program Services	Administrative	Fund Raising	Subtotal	Total
Salaries	$ 981,573	$ 47,800	$ 49,487	$ 97,287	$ 1,078,860
Employee benefits	29,490	1,436	1,487	2,923	32,413
Payroll taxes	76,335	3,717	3,849	7,566	83,901
	1,087,398	52,953	54,823	107,776	1,195,174
Instructional materials and supplies	52,543	-	-	-	52,543
Donated services, supplies and facilities	352,455	-	-	-	352,455
Contract labor	1,692	-	-	-	1,692
Teacher stipends	17,001	-	-	-	17,001
Consumable supplies	2,697	-	-	-	2,697
Facilities	62,571	29,126	12,482	41,608	104,179
Dues and subscriptions	3,224	1,176	504	1,679	4,903
Professional services	39,280	14,319	6,137	20,456	59,736
Other operating expenses	20,791	14,951	6,408	21,359	42,150
Professional development	19,804	-	-	-	19,804
Interest	13,686	1,141	380	1,521	15,207
Depreciation	10,597	35,734	11,911	47,645	58,242
	191,343	96,445	37,822	134,267	325,610
Total Expenses	$ 1,683,739	$ 149,398	$ 92,645	$ 242,043	$ 1,925,782

These consolidated financial statements should be read only in connection with the accompanying notes to the consolidated financial statements.

THE LEARNING SOURCE AND THE LEARNING SOURCE FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	$ (212,689)	$ 143,711
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	70,538	58,242
Loss (gain) on investments	2,041	(5,755)
Loss on sale of assets	111,071	-
Effect of changes in operating assets and liabilities		
Accounts receivable	43,242	(73,551)
Prepaid expenses	(10,564)	-
Accounts payable	7,965	9,813
Deferred revenue	10,000	-
Net cash provided by operating activities	21,604	132,460
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of (additions to) property and equipment	988,183	(73,906)
(Purchase) sale of investments	(637,274)	(16,082)
Net cash used by investing activities	350,909	(89,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan	(375,636)	(23,817)
Net cash used in financing activities	(375,636)	(23,817)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,123)	18,655
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	317,802	299,148
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 314,679	$ 317,802
CASH PAID FOR INTEREST	$ 14,120	$ 15,207

These consolidated financial statements should be read only in connection with the accompanying notes to the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Learning Source (Program) is a Colorado nonprofit corporation. The Program provides economically and educationally motivated adults and families the opportunity to pursue educational goals which enhance their self-worth and ability to function productively in the family and community. The Program offers instruction in the core programs of: Adult Literacy, General Education Development, English for Speakers of Other Languages and Family Literacy.

The Learning Source Foundation (Foundation) was incorporated as a Colorado not-for-profit corporation for the purpose of supporting the operations of the Program. The Foundation and Program are considered to be under common control and management. Program Board members represent a controlling voting interest of the Foundation's Board of Directors. Accordingly, the accounts and operations of the Foundation and Program (collectively referred to as the Organization) are consolidated for financial reporting purposes.

The more significant accounting policies of the Program and Foundation are described below:

Basis of Accounting

The Program and Foundation use the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Expenditures for building and equipment are reflected as increases in assets.

Basis of Presentation

The Program and Foundation are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of June 30, 2016 and 2015, the Organization has no temporarily restricted or permanently restricted net assets.

Inter-organizational balances and transactions have been eliminated for presentation on the consolidated statements of financial position and activities.

Contributions/Promises to Give

Contributions are recognized as unrestricted support when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor may be reported as increases in temporarily restricted net assets. Temporarily restricted contributions whose restrictions are met in the same reporting period that the contributions were received are reported as unrestricted support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracts for Service

Recognition of revenue from contracts for service corresponds approximately to the incurrence of expenses under the contract. Governmental contracts funded by Federal Financial Assistance are generally on a reimbursement basis.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable represents amounts due from the performance of services provided to other organizations and individuals and amounts owed under grants for reimbursable expenditures. The Organization uses the allowance method to assess collectability of current accounts receivable.

Fair Value Measurements

The Organization adopted "Fair Value Measurements" which among other things requires enhanced disclosures about investments that are measured and reported at fair value and 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 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:
    - Quoted prices for similar assets or liabilities in active markets;
    - Quoted prices for identical or similar assets or liabilities in inactive markets;
    - Inputs other than quoted prices that are observable for the asset or liability;
    - 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- Investment held by The Denver Foundation: Valued as reported by the organization holding the investment.

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 the 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.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, promises to give, other assets, accounts payable, accrued liabilities and construction loan approximate fair value because of the immediate or short-term maturities of these financial instruments. The construction loan payable approximates fair value as the note bears interest at fixed or variable rates which approximates current market rates for notes with similar maturities and credit quality.

Cash Equivalents and Investments

For purposes of the statement of cash flows, the Program and Foundation consider cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

Investments in debt securities and equity securities with readily determinable fair values are recorded at fair value. Investments in equity securities without readily determinable fair values are recorded at cost or, if received as a contribution, at estimated fair value upon receipt.

Building and Equipment

Building and equipment are recorded at cost except for those assets which have been contributed which are recorded at estimated fair value at the date of contribution. If donors stipulate how the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of buildings and equipment are recorded as unrestricted support. The Program capitalizes equipment with an initial cost greater than $500 and at least a five year useful life for office equipment and at least a three year useful life for computer equipment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense has been computed on the straight-line method over the estimated useful lives as follows:

Item	Years
Computer equipment	3-5
Office and audio visual equipment	5
Building and Improvements	30

Compensated Absences

Vacation pay accrues to all eligible employees and is recorded when earned. Employees are allowed to carryover a maximum of 120 hours at year end.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Functional Expenses. Expenses directly identified with a functional area are charged to that area. If an expense affects more than one area, it is allocated to the various programs and other activities based upon each employee's function and time incurred or other reasonable management approved allocation method. Overhead expenses which pertain to Program Services are charged to the individual programs based upon the negotiated percentages in individual contracts. No indirect costs were charged to programs funded with Federal Awards during the years ended June 30, 2016 or 2015.

Income Taxes

The Program and Foundation are nonprofit Colorado corporations exempt from tax under the Internal Revenue Code Section 501(c)(3), and are not considered private foundations under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contributions.

The Organization adopted "Accounting for Uncertainty in Income Taxes," which required the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the years ended June 30, 2016 and 2015, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

The Organization is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for fiscal years ending prior to June 30, 2012. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions and tax credits. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

Revenue generated from the performance of contracts for federal and local government agencies represented approximately 78% and 76% of total revenue and support for the fiscal years ended June 30, 2016 and 2015, excluding in-kind contributions. In addition, as of June 30, 2016 and 2015, 37% and 71% of accounts receivable, respectively, was due from one vendor. Management does not expect that the Program's relationship with the governmental agencies will change in the near term. If the federal and local grants were not renewed, there would be a corresponding reduction in the cost of program services.

Subsequent Events

The Organization has performed an evaluation of subsequent events through November 7, 2016, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

In July 2016, the Program entered into a five year lease for office space of approximately 1,601 square feet in Lakewood, CO, with a monthly rent payment of $1,601. Additionally, the Program has entered into a five year lease for office space of approximately 2,323 square feet in Denver, CO which commences December 1, 2016 with an initial monthly payment of $2,517.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consisted of the following at June 30, 2016 and 2015:

	2016	2015
Cash on hand	$ 81	$ -
Demand deposits	81,903	33,237
Savings accounts	231,667	283,538
Money market funds	1,028	1,027
	$ 314,679	$ 317,802

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Investments				
Investment held by the Denver Foundation	$ -	$ -	$ 875,909	$ 875,909
	$ -	$ -	$ 875,909	$ 875,909

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments				
Investment held by the Denver Foundation	$ -	$ -	$ 240,676	$ 240,676
	$ -	$ -	$ 240,676	$ 240,676

The changes in the investments for which the Organization has used Level 3 inputs to determine the fair values are as follows:

	Level 3
Balance, July 1, 2014	$ 218,839
Sale of investments	16,082
Realized and unrealized gains, net	5,755
Balance, June 30, 2015	240,676
Purchase of investments	637,274
Realized and unrealized losses, net	(2,041)
Balance, June 30, 2016	$ 875,909

Cash, cash equivalents and investments are insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) or insurance coverage provided by the Program's and Foundation's securities safekeeping broker. As of June 30, 2016 and June 30, 2015, cash exceeded FDIC limits by $13,409 and $66,775, respectively.

The Foundation has transferred cash to The Denver Foundation to create a Non-Profit Advised Fund called The Learning Source Foundation Fund. The Foundation has retained control over the distribution of assets. Distributions are requested in writing by the Foundation as approved by the advisory committee. The investment in The Denver Foundation has been reported as a beneficial interest in The Denver Foundation at June 30, 2016 and 2015.

NOTE 3 - BUILDING AND EQUIPMENT

As of June 30, 2016 and 2015, building and equipment is summarized as follows:

	2016	2015
Land	$ -	$ 270,000
Building	-	359,236
Office equipment	36,079	36,079
Computer equipment	163,830	163,830
Audio visual equipment	186	186
Building improvements	-	833,586
	200,095	1,662,917
Accumulated depreciation	(147,430)	(440,460)
	$ 52,665	$ 1,222,457

In April 2016, the Foundation sold the land and building that the Program was using as its primary office location for net proceeds of $630,902 after fees, commissions, and the payoff of the Program's loan balance. The Foundation recognized a net gain of $154,355 related to this transaction. Additionally, due to the sale, the Program wrote down the value of its building improvements as well as its liability for the note payable resulting in a net loss of $265,426.

NOTE 4 - LOAN PAYABLE

During June 2010, the Organization entered into a note agreement for a draw down promissory note with a borrowing base of $500,000. The note required monthly interest payments until maturity during July 2011. The note bore interest at a fixed rate of 5.50% until July 2010 at which time the rate became variable based upon the Wall Street Journal U.S. Prime Rate plus 2.00%. The note is secured by the Program's and Foundation's depository accounts held at the financial institution through which the loan was issued and a deed of trust on the building held by the Foundation. In July 2011, the note was extended with a borrowing base of $500,000. The note bore interest at a fixed rate of 6.00% until April 2016 at which time the rate became variable based upon the weekly average yield on U.S. Treasury securities. On January 7, 2013, the Organization entered into a loan modification and fixed the interest rate at 4.55% through 2018 with a maturity date of August 5, 2021. The principal balance was increased $921 due to the fees incurred for the loan modification being rolled into the principal balance. During 2015 and 2016, the Organization made additional principal payments of $805 per month at the discretion of the Board. In April 2016, the Foundation sold the building which was being held as collateral on the loan, and simultaneously, paid the balance in full.

NOTE 5 - DONATED SERVICES, SUPPLIES AND FACILITIES

A substantial portion of the Program's instruction is provided by volunteer teachers. The value of these donated services is based upon rates paid to salaried instructors and the estimated fair value for other donated goods and services which have been reflected in the Statement of Activities as an expense. An equivalent amount is recorded as in-kind contributions. The value of donated office and classroom facilities has been reflected in the financial statements based on the cost per square footage for rental of similar property.

The details of recorded program service donated materials and services are summarized as follows:

	2016	2015
Personnel	$ 126,923	$ 136,282
Occupancy	210,500	216,173
	$ 337,423	$ 352,455

NOTE 6 - CONTINGENCIES

The Program provides services on behalf of the Colorado Department of Education (CDE) on a contractual basis. Such contracts are subject to review and audit by the CDE. Such audits may lead to requests for reimbursements to CDE for expenditures disallowed under the terms of the contract. Management believes disallowances, if any, would be immaterial.

SUPPLEMENTARY INFORMATION

THE LEARNING SOURCE
SCHEDULES OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 313,651	$ 316,775
Prepaid expenses	10,564	-
Accounts receivable	182,204	225,446
Total current assets	506,419	542,221
BUILDING AND EQUIPMENT - NET OF ACCUMULATED DEPRECIATION	52,665	737,610
Total Assets	$ 559,084	$ 1,279,831
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 81,807	$ 73,842
Deferred revenue	10,000	-
Loan - current portion	-	22,112
Total current liabilities	91,807	95,954
LONG TERM LIABILITIES		
Loan - long-term portion	-	353,524
Total liabilities	91,807	449,478
NET ASSETS		
Unrestricted net assets	467,277	830,353
Total liabilities and net assets	$ 559,084	$ 1,279,831

THE LEARNING SOURCE
SCHEDULES OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Support		
Contributions	$ 57,790	$ 121,810
In-kind contributions	337,423	352,455
Governmental grants and contracts		
Federal	610,938	660,501
Local	873,504	881,721
Total support	1,879,655	2,016,487
Revenue		
Program revenue	39,630	40,308
Investment income	756	690
Other	5,161	5,377
Total revenue	45,547	46,375
Total support and revenue	1,925,202	2,062,862
EXPENSES		
Program services	1,674,163	1,697,834
Supporting services		
Administrative	234,171	141,639
Fundraising	114,518	89,319
Total supporting services	348,689	230,958
Total expenses	2,022,852	1,928,792
OTHER INCOME (EXPENSE)		
Loss on sale of assets	(265,426)	-
CHANGE IN UNRESTRICTED NET ASSETS	(363,076)	134,070
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	830,353	696,283
UNRESTRICTED NET ASSETS - END OF YEAR	$ 467,277	$ 830,353

THE LEARNING SOURCE FOUNDATION
SCHEDULES OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,028	$ 1,027
Beneficial interest in The Denver Foundation	875,909	240,676
Total current assets	876,937	241,703
BUILDING AND EQUIPMENT - NET OF ACCUMULATED DEPRECIATION	-	484,847
Total Assets	$ 876,937	$ 726,550
NET ASSETS		
Unrestricted net assets	876,937	726,550
Total net assets	$ 876,937	$ 726,550

THE LEARNING SOURCE FOUNDATION
SCHEDULES OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
(Loss) gain on investments	$ (2,041)	$ 5,755
Contribution from The Learning Source	-	24,691
Contributions	12,000	-
Investment Income	1,477	876
Total support and revenue	11,436	31,322
EXPENSES		
Depreciation	8,300	10,597
Other operating	7,104	11,085
Total expenses	15,404	21,682
OTHER INCOME (EXPENSE)		
Gain on sale of assets	154,355	-
CHANGE IN UNRESTRICTED NET ASSETS	150,387	9,640
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	726,550	716,910
UNRESTRICTED NET ASSETS - END OF YEAR	$ 876,937	$ 726,550