THE BOTTOM LINE, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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FOR THE YEAR ENDED JUNE 30, 2015

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Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Bottom Line, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of The Bottom Line, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 opinion.

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Opinion

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

Bruce D. Norling, CPA, P.C.

December 2, 2015

THE BOTTOM LINE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 2,884,939
Contributions Receivable	3,772,440
Prepaid Expenses	71,393
Total Current Assets	6,728,772
PROPERTY AND EQUIPMENT	
Furniture and Equipment	523,218
Leasehold Improvements	94,704
Total Property and Equipment	617,922
Less: Accumulated Depreciation	(398,004)
Total Property and Equipment, Net	219,918
INTANGIBLES	
Database and Website	141,563
Less: Accumulated Amortization	(141,563)
Total Intangibles, Net	-
OTHER ASSETS	
Deposits	58,224
Contributions Receivable, Long-Term, Net	946,881
Lease Acquistion Costs, Net	2,167
Total Other Assets	1,007,272
TOTAL ASSETS	$ 7,955,962
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 57,092
Accrued Expenses	60,827
Scholarships Payable	243,733
Total Current Liabilities	361,652
LONG-TERM LIABILITIES	
Deferred Rent	167,925
Total Long-Term Liabilities	167,925
TOTAL LIABILITIES	529,577
NET ASSETS	
Unrestricted	5,222,853
Temporarily Restricted	2,203,532
Total Net Assets	7,426,385
TOTAL LIABILITIES AND NET ASSETS	$ 7,955,962

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Contributions	$ 6,323,460	$ 150,000	$ 6,473,460
Scholarship Contributions	-	389,000	389,000
Program Revenue	272,100	-	272,100
In-Kind contributions	12,865	-	12,865
Special Events			
Revenue	2,106,532	-	2,106,532
Direct Expenses of Special Events	(487,677)	-	(487,677)
Special Events, Net	1,618,855	-	1,618,855
Interest and Other Income	(663)		(663)
Net Assets Released from Restriction	575,503	(575,503)	-
Total Revenue and Support	8,802,120	(36,503)	8,765,617
EXPENSES			
Program Services	5,862,698	-	5,862,698
Administration	676,312	-	676,312
Fundraising	999,558	-	999,558
Total Expenses	7,538,568	-	7,538,568
CHANGES IN NET ASSETS	1,263,552	(36,503)	1,227,049
NET ASSETS, BEGINNING OF YEAR	3,959,301	2,240,035	6,199,336
NET ASSETS, END OF YEAR	$ 5,222,853	$ 2,203,532	$ 7,426,385

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	$ 1,227,049
Adjustments to Reconcile changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	103,056
Contributions Restricted for Long-Term Purposes	(693,750)
(Increase) Decrease Contributions Receivable	(1,105,426)
(Increase) Decrease Prepaid Expenses	28,720
(Increase) Decrease Deposits	1,411
Increase (Decrease) Accounts Payable	(97,016)
Increase (Decrease) Accrued Expenses	(2,116)
Increase (Decrease) Scholarships Payable	51,297
Increase (Decrease) Deferred Rent	122,487
Net Cash Provided by Operating Activities	(364,288)
CASH FLOWS USED IN INVESTMENT ACTIVITIES	
Purchase of Property and Equipment	(32,626)
NET INCREASE IN CASH	(396,914)
CASH, Beginning of year	3,281,853
CASH, End of year	$ 2,884,939
Non-Cash Activity:	
Contributions Receivable Restricted for Long-Term Purposes	$ 693,750

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

EXPENSES	Program Services	Administration	Fundraising	Total
Salaries and Related Expenses				
Salaries and Wages	$ 3,685,246	$ 285,665	$ 734,527	$ 4,705,438
Payroll Taxes and Benefits	559,193	43,346	111,456	713,995
Payroll Processing Fees	-	8,510	-	8,510
Total Salaries and Related Expenses	4,244,439	337,521	845,983	5,427,943
Program Expenses				
Events	66,638	-	-	66,638
Scholarships	229,701	-	-	229,701
Fee Assistance	20,594	-	-	20,594
Campus Travel	65,603	-	-	65,603
Supplies	124,041	-	-	124,041
Student Recruitment	19,230	-	-	19,230
Total Program Expenses	525,807	-	-	525,807
Occupancy				
Rent	508,671	60,998	6,715	576,384
Utilities	21,984	3,030	2,377	27,391
Repairs and Maintenance	6,471	46,512	405	53,388
Depreciation and Amortization	80,816	11,451	10,789	103,056
Parking	3,905	-	984	4,889
Total Occupancy Expenses	621,847	121,991	21,270	765,108
Operational				
Consultants and Temporary Staffing	213,879	84,019	24,450	322,348
Bank and Credit Card Fees	-	5,850	171	6,021
Advertising and Public Relations	21,563	1,524	39,549	62,636
Insurance	10,712	-	1,221	11,933
Training and Development	8,566	1,696	2,483	12,745
Dues and Subscriptions	10,114	6,572	7,495	24,181
Postage and Printing	15,779	5,513	13,022	34,314
Professional Fees	-	19,690	-	19,690
Leases	17,596	1,664	1,727	20,987
Staff Training and Events	41,081	37,391	10,358	88,830
Staff Travel	35,255	13,330	13,789	62,374
Staff Recruitment	3,070	15,088	1,274	19,432
Office Supplies	25,849	8,824	2,925	37,598
Computer Supplies and Software	32,209	8,064	9,492	49,765
Telecommunications	34,932	6,409	4,349	45,690
Licenses and Fees	-	1,166	-	1,166
Total Operational Expenses	470,605	216,800	132,305	819,710
TOTAL EXPENSES	$ 5,862,698	676,312	999,558	$ 7,538,568

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF OPERATIONS

The Bottom Line, Inc. (the Organization), a not-for-profit corporation located in Boston and Worcester, Massachusetts, New York, New York and Chicago, Illinois, was formed in January 1997 under the laws of the Commonwealth of Massachusetts. The mission of the Organization is to provide “at risk” students with assistance in applying to college, succeeding at college and finding financial assistance to meet the costs of higher education. The Organization operates exclusively for charitable and educational purposes and is supported primarily through contributions and fundraising events.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of The Bottom Line, Inc. have been prepared on the accrual basis. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Classification of Net Assets

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the organization.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions and/or time restrictions. Revenues are reported as unrestricted net assets if the donor-imposed restrictions are met in the same reporting period. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Contributions, Gifts and Grants
The Organization records contributions, gifts and grants as receivables and revenue. The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions are recorded as revenue when the pledge is verified or received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value, and as of the date the gift is received. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

During 2015, a significant amount of contributions were provided by a few contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

Contributions Receivable
Contributions receivable within one year are recorded at carrying value. Contributions receivable over periods greater than one year are discounted and recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. Management has determined the amounts are collectible and no allowance for uncollectible contributions receivable is needed.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents
The Organization considers all money market mutual funds and short-term debt securities purchased with maturity of three months or less, when purchased, to be cash equivalents.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits and in uninsured money market mutual funds. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on such accounts.

Property and Equipment
The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method. Maintenance and repairs are expensed as incurred.

The useful lives of property and equipment for purposes of computing depreciation are as follows:

Equipment	3 – 5 years
Furniture	7 years
Leasehold improvements	Life of Lease

Depreciation and amortization expense totaled $103,056 in 2015.

Fair Value of Financial Instruments
The Organization’s significant financial instruments are cash and cash equivalents and contributions receivable. The Organization believes that the carrying value of its financial instruments approximates their fair value because of the short-term maturity of those instruments.

Deferred Rent
The Organization recognizes operating lease expense evenly over the term of the lease. Lease escalation amounts not yet paid are included with liabilities as deferred rent.

Nonprofit Status and Income Taxes
The Organization is exempt from income taxes as an organization (not a private foundation) formed for charitable purposes and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Company within Internal Revenue Code regulations. The Organization is subject to federal and state tax on income from any unrelated business. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2015.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization’s federal and state income tax returns are generally open to examination for the last three years.

Advertising
Advertising costs are expensed as incurred. Advertising expense for fiscal year 2015 was $9,900.

Functional Expenses
The cost of providing the various programs and other activities of the Organization has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefitted.

3. LINE OF CREDIT

The Organization has a revolving line of credit for $800,000 which is due on demand. As of June 30, 2015, there were no advances on this line of credit. The Organization obtained a Letter of Credit, which is linked to the line of credit, for a landlord in the amount of $69,088 in lieu of a security deposit for rental space.

4. DONATED SERVICES

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, as provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization recorded $12,865 of services in 2015. Substantially all of the donated services were for staff training in 2015 and were included in staff training and events on the statement of functional expenses.

5. CONTRIBUTIONS RECEIVABLE

The Organization has unconditional contributions receivable from several donors at June 30, 2015. 57% of the pledges receivable were from major donors who each made up over 10% of the receivable balance at June 30, 2015. The Organization believes all pledges are collectible as of June 30, 2015. Pledges receivable with a due date extending beyond one year are discounted at a 0.64% rate.

The Organization's future benefit from pledges at June 30, is as follows:

Receivable in one year or less	$ 3,772,440
Receivable in over one year and up to five years	952,941
Total pledges to be received in the future	4,725,381
Discount to net present value	(6,060)
Net pledges to be received in the future	$ 4,719,321

The Organization was awarded restricted grants totaling $7,720,000 that contained donor conditions regarding matching fund requirements and future program goals and benchmarks through 2018. Since these grants represent conditional promises to give, they are not recorded as contributions until donor conditions are met. As of June 30, 2015, $3,400,000 of these conditions had been met and recorded as revenue. The remaining balance of these conditional promises to give of $4,320,000 has not yet been recorded as revenue.

6. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are released from donor restrictions by satisfying the purpose or time restriction specified by donors. At June 30, 2015 temporarily restricted net assets were available for the following purposes.

Scholarships	$ 389,000
Programs	1,814,532
Total temporarily restricted net assets	$ 2,203,532

7. SCHOLARSHIPS

Scholarships authorized but unpaid at year-end are reported as liabilities. Scholarships authorized and payable at June 30, are $243,733.

8. SPECIAL FUNDRAISING EVENTS

The following schedule represents the results of the Organization's special fundraising events for the year ended June 30, 2015:

	Gross Revenues	Direct Costs	Net Revenues
Get in, Graduate and Go Far events:			
Massachusetts	$ 1,040,888	$ 205,119	$ 835,769
New York	443,243	69,219	374,024
Boston Marathon	189,102	8,776	180,326
Rodman Ride for Kids	206,473	164,022	42,451
Other	226,826	40,541	186,285
	$ 2,106,532	$ 487,677	$ 1,618,855

9. OPERATING LEASES

The Organization leases its premises under various operating leases. The Organization is obligated to pay a share of the property's operating expenses and real estate taxes. The Organization also leases space for program events on a short term as needed basis and office equipment. Rent expense totaled $576,384 in 2015. Minimum future rental payments under all non-cancelable operating leases and lease extensions are as follows:

Year ending June 30,	
2016	$ 551,092
2017	503,828
2018	515,180
2019	440,073
2020	255,522
Thereafter	1,196,018
Total	$3,461,713

10. RETIREMENT PLAN

The Organization maintains a qualified retirement plan (the Plan) under Section 403(b) of the Internal Revenue code. Under the provisions of the Plan, employees can elect to have a portion of their salary withheld and contributed to the Plan, subject to Internal Revenue Service limitations. The Organization made a 1% matching contribution of $19,057 for the year ended June 30, 2015.

11. SUBSEQUENT EVENTS

The Organization did not have any recognized or non-recognized subsequent events after June 30, 2015, the date of the statement of financial position. Subsequent events have been evaluated through December 2, 2015, the date the financial statements were available to be issued.