

**TENACITY, INC.**

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FINANCIAL STATEMENTS  
YEARS ENDED AUGUST 31, 2016 AND 2015

# TENACITY, INC.

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Dorothy F. Di Pesa, CPA  
John F. Oteri, CPA

Board of Directors  
Tenacity, Inc.  
38 Everett Street  
Boston, MA 02134

Re: Independent Auditor's Report

Ladies and Gentlemen:

### **Report on Financial Statements**

We have audited the accompanying financial statements of Tenacity, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tenacity, Inc. at August 31, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

DI PESA AND COMPANY

### ***Di Pesa & Company***

Certified Public Accountants  
Quincy, Massachusetts  
December 21, 2016

# TENACITY, INC.

## STATEMENTS OF FINANCIAL POSITION AUGUST 31, 2016 AND 2015

### ASSETS

	<u>2016</u>	<u>2015</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,198,996	\$ 1,237,643
Investments	811,663	1,811,536
Unconditional Promises to Give, Net	<u>604,232</u>	<u>882,625</u>
<b><u>TOTAL CURRENT ASSETS</u></b>	<b><u>2,614,891</u></b>	<b><u>3,931,804</u></b>
<b><u>OTHER ASSETS</u></b>		
Property and Equipment, at Cost	88,918	88,918
Less: Accumulated Depreciation	<u>( 86,476)</u>	<u>( 80,616)</u>
Net Property and Equipment	2,442	8,302
Unconditional Promises to Give - Non-Current, Net	<u>144,263</u>	<u>141,392</u>
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>146,705</u></b>	<b><u>149,694</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 2,761,596</u></b>	<b><u>\$ 4,081,498</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable and Accrued Expenses	<u>\$ 92,614</u>	<u>\$ 77,038</u>
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b><u>92,614</u></b>	<b><u>77,038</u></b>
<b><u>NET ASSETS</u></b>		
Unrestricted	1,563,308	2,415,329
Temporarily Restricted	<u>1,105,674</u>	<u>1,589,131</u>
<b><u>TOTAL NET ASSETS</u></b>	<b><u>2,668,982</u></b>	<b><u>4,004,460</u></b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 2,761,596</u></b>	<b><u>\$ 4,081,498</u></b>

See accompanying notes to financial statements.

**TENACITY, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions, Gifts and Grants	\$ 2,858,383	\$ 459,324	\$ 3,317,707
Donated Services and Facilities	810	-	810
Special Events - Income	863,594	-	863,594
- Expenses	( 389,396)	-	( 389,396)
Investment Income	188	-	188
Net Assets Released from Restrictions			
Satisfaction of Donor Restrictions	<u>942,781</u>	<u>( 942,781)</u>	<u>-</u>
<b><u>TOTAL SUPPORT AND REVENUE</u></b>	<u>4,276,360</u>	<u>(483,457)</u>	<u>3,792,903</u>
<b><u>FUNCTIONAL EXPENSES</u></b>			
Program Services	3,805,699	-	3,805,699
Fundraising	848,023	-	848,023
Management and General	<u>474,659</u>	<u>-</u>	<u>474,659</u>
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<u>5,128,381</u>	<u>-</u>	<u>5,128,381</u>
<b><u>CHANGE IN NET ASSETS</u></b>	( 852,020)	( 483,457)	( 1,335,477)
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<u>2,415,329</u>	<u>1,589,131</u>	<u>4,004,460</u>
<b><u>NET ASSETS - END OF YEAR</u></b>	<u>\$ 1,563,308</u>	<u>\$ 1,105,674</u>	<u>\$ 2,668,982</u>

See accompanying notes to financial statements.

**TENACITY, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2015**

	<b><u>Unrestricted Net Assets</u></b>	<b><u>Temporarily Restricted Net Assets</u></b>	<b><u>Total Net Assets</u></b>
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions, Gifts and Grants	\$ 3,269,894	\$ 449,191	\$ 3,719,085
Donated Services and Facilities	60,210	-	60,210
Special Events - Income	843,641	-	843,641
- Expenses	( 384,038)	-	( 384,038)
Investment Income	230	-	230
Net Assets Released from Restrictions			
Satisfaction of Donor Restrictions	<u>1,202,006</u>	<u>( 1,202,006)</u>	<u>-</u>
<b><u>TOTAL SUPPORT AND REVENUE</u></b>	<u>4,991,943</u>	<u>(752,815)</u>	<u>4,239,128</u>
<b><u>FUNCTIONAL EXPENSES</u></b>			
Program Services	3,214,463	-	3,214,463
Fundraising	684,650	-	684,650
Management and General	<u>740,602</u>	<u>-</u>	<u>740,602</u>
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<u>4,639,715</u>	<u>-</u>	<u>4,639,715</u>
<b><u>CHANGE IN NET ASSETS</u></b>	352,228	( 752,815)	( 400,587)
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<u>2,063,101</u>	<u>2,341,946</u>	<u>4,405,047</u>
<b><u>NET ASSETS - END OF YEAR</u></b>	<u>\$ 2,415,329</u>	<u>\$ 1,589,131</u>	<u>\$ 4,004,460</u>

See accompanying notes to financial statements.

**TENACITY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2016**

	Program Services						Fundraising	Management and General	Total	
	Middle School Academy	Summer Tennis and Reading		College Prep	Post Secondary	Scholarship				Total
		Worcester	Boston							
<b>EXPENSES</b>										
Payroll	\$ 1,753,304	\$ 122,610	\$ 233,089	\$ 405,018	\$ 100,721	\$ -	\$ 2,614,741	\$ 688,448	\$ 65,168	\$ 3,368,358
Program and Other Expenses	256,329	5,280	224,299	13,936	1,676	84,855	586,376	-	-	586,376
Transportation	824	-	50	153	-	-	1,027	-	975	2,002
Professional Services & Fees	31,310	-	-	-	-	-	31,310	250	167,829	199,389
Payroll Taxes	156,783	9,647	19,821	33,571	7,851	-	227,673	55,952	17,317	300,943
Office Equipment & Supplies	586	-	18	-	15	-	619	1,319	15,749	17,686
Equipment Rental & Maintenance	-	-	6,122	-	-	-	6,122	38	16,933	23,093
Employee Benefits	91,303	1,882	14,054	18,269	1,028	-	126,536	23,205	87,093	236,835
Promotions, Advertising, Marketing	-	-	-	-	-	-	-	28,415	88	28,504
Staff Related Expenses	63,725	994	7,357	6,900	2,398	-	81,373	4,633	25,081	111,088
Travel	730	10	-	-	-	-	740	-	523	1,262
Donated Services and Equipment	-	-	-	-	-	-	-	-	810	810
Occupancy Expense	49,087	-	6,438	12,071	805	-	68,401	7,242	4,827	80,470
Telephone	8,702	-	5,364	3,218	858	-	18,142	2,160	1,152	21,454
Postage and Shipping	614	509	25	288	471	-	1,907	9,961	957	12,825
Insurance	25,438	-	6,359	5,935	424	-	38,156	3,392	848	42,396
Legal and Accounting Fees	-	-	-	-	-	-	-	-	45,730	45,730
Dues and Subscriptions	68	-	-	693	-	-	761	3,855	531	5,147
Financial Fees	-	-	-	-	-	-	-	91	18	109
Printing	1,505	310	-	-	-	-	1,815	14,086	3,769	19,670
Other Expenses	-	-	-	-	-	-	-	4,975	13,401	18,375
Depreciation	-	-	-	-	-	-	-	-	5,859	5,859
<b>TOTAL EXPENSES</b>	<b>\$ 2,440,307</b>	<b>\$ 141,241</b>	<b>\$ 522,997</b>	<b>\$ 500,053</b>	<b>\$ 116,246</b>	<b>\$ 84,855</b>	<b>\$ 3,805,699</b>	<b>\$ 848,023</b>	<b>\$ 474,659</b>	<b>\$ 5,128,381</b>

See accompanying notes to financial statements.

**TENACITY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2015**

	Program Services						Fundraising	Management and General	Total	
	Middle School Academy	Summer Tennis and Reading		College Prep	Post Secondary	Scholarship				Total
		Worcester	Boston							
<b>EXPENSES</b>										
Payroll	\$ 1,617,420	\$ 125,042	\$ 177,994	\$ 306,529	\$ 40,734	\$ -	\$ 2,267,719	\$ 540,187	\$ 294,654	\$ 3,102,560
Program and Other Expenses	206,419	2,185	199,172	26,065	889	59,121	493,851	2,152	226	496,229
Transportation	633	-	27	292	-	-	952	-	4,128	5,080
Professional Services & Fees	10,380	-	-	100	-	-	10,480	6,549	123,497	140,526
Payroll Taxes	136,893	7,829	17,799	23,756	2,892	-	189,169	44,988	40,628	274,785
Office Equipment & Supplies	586	1,132	133	2,194	56	-	4,101	451	26,205	30,757
Equipment Rental & Maintenance	-	1,142	-	-	-	-	1,142	22	8,357	9,521
Employee Benefits	61,459	4,820	6,586	15,225	168	-	88,258	16,626	78,137	183,021
Promotions, Advertising, Marketing	-	-	95	-	-	-	95	30,644	510	31,249
Staff Related Expenses	45,626	760	4,716	8,691	1,826	-	61,619	5,415	54,451	121,485
Travel	1,179	-	75	55	-	-	1,309	336	5,127	6,772
Donated Services and Equipment	-	-	-	-	-	-	-	-	60,210	60,210
Occupancy Expense	40,043	-	5,762	7,203	720	-	53,728	6,482	11,816	72,026
Telephone	8,168	-	4,254	1,702	170	-	14,294	1,839	2,569	18,702
Postage and Shipping	1,649	382	133	212	-	-	2,376	4,751	1,887	9,014
Insurance	16,514	-	3,303	3,853	275	-	23,945	3,028	551	27,524
Dues and Subscriptions	-	-	-	-	-	-	-	3,808	1,233	5,041
Financial Fees	-	-	-	-	-	-	-	182	-	182
Printing	294	999	-	132	-	-	1,425	16,690	8,095	26,210
Other Expenses	-	-	-	-	-	-	-	500	462	962
Depreciation	-	-	-	-	-	-	-	-	5,859	5,859
<b>TOTAL EXPENSES</b>	<b>\$ 2,147,263</b>	<b>\$ 144,291</b>	<b>\$ 420,049</b>	<b>\$ 396,009</b>	<b>\$ 47,730</b>	<b>\$ 59,121</b>	<b>\$ 3,214,463</b>	<b>\$ 684,650</b>	<b>\$ 740,602</b>	<b>\$ 4,639,715</b>

See accompanying notes to financial statements.



## TENACITY, INC.

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ (1,335,477)	\$ (400,587)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) By Operating Activities		
Depreciation	5,859	5,859
Investment income reinvested	(127)	-
(Increase) Decrease in Assets:		
Unconditional Promises to Give	275,522	1,012,664
Grant Receivable	-	131,225
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	<u>15,576</u>	<u>41,259</u>
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>(1,038,647)</u></b>	<b><u>790,420</u></b>
<b><u>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</u></b>		
Purchase of Investments	-	(500,151)
Sale of Investments, Net of Dividend Reinvestments	<u>1,000,000</u>	<u>-</u>
<b><u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u></b>	<b><u>1,000,000</u></b>	<b><u>(500,151)</u></b>
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>(38,647)</u></b>	<b><u>290,269</u></b>
<b><u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u></b>	<b><u>1,237,643</u></b>	<b><u>947,374</u></b>
<b><u>CASH AND CASH EQUIVALENTS, END OF YEAR</u></b>	<b><u>\$ 1,198,996</u></b>	<b><u>\$ 1,237,643</u></b>

See accompanying notes to financial statements

# TENACITY, INC.

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## NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2016 AND 2015

### 1. NATURE OF OPERATION

Tenacity, Inc. (the "Organization") was formed in 1999 to provide programs for youth in the City of Boston to improve physical, mental, and emotional well-being through intensive tennis instruction, competition and the integration of academic and life-skill development activities. The Organization is enthused by the response of the youth and the many contributions during the fiscal years ended August 31, 2016 and 2015 and looks forward with optimism to the continued growth of this program.

Since 1999, the Organization has served approximately 30,000 Boston youth in the summer tennis and reading program at sites around the City. This has been accomplished by direct cash contributions, pledges, and grants by organizations and individuals as well as donated services and supplies.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

#### B. Contributions and Donor Restrictions

The Organization reports use-restricted contributions as restricted support, if received with donor stipulations that limit, specify or otherwise restrict the use of such contributions. Either temporarily or permanently restricted net assets are increased, as appropriate. When donor restrictions expire, either by funds for the specified purpose or by expiration of time restrictions, temporarily restricted net assets are reclassified as unrestricted and reported in the statement of activities as net assets released from restrictions. The donors of permanently restricted net assets may permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

# TENACITY, INC.

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## NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2016 AND 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Pledges Receivable

Pledges receivable are carried at an amount equal to uncollected revenue less an allowance for doubtful accounts. Management provides for losses on uncollectible pledges receivable determined principally on the basis of past collection experience applied to ongoing evaluations of receivables and the risks of repayment. The allowance for uncollectible pledges amounted to \$ -0- and \$30,300 as of August 31, 2016 and 2015, respectively.

#### D. Investments

Investments in securities with readily determinable fair values are valued at their fair values in the statements of financial position.

#### E. Fair Value Measurements

Certain expanded disclosures are required regarding the sources of how the fair value of certain financial assets and liabilities are measured by establishing a fair value hierarchy that prioritizes inputs used to measure fair value. Such assets consist of items carried at fair value on a recurring basis and consist primarily of investments and financial instruments which are valued based upon quoted prices in active or brokered markets for identical or similar assets or liabilities.

The fair value measurement hierarchy is as follows:

- Level 1 – Quoted market prices for identical assets
- Level 2 – Significant other observable inputs
- Level 3 – Significant unobservable inputs

All of the Organization's inputs for investments are Level 1 inputs.

#### F. Statements of Cash Flows

For the purpose of the statements of cash flows, cash is considered to be the cash balance used in operations and shown on the statements of financial position and may include cash equivalents purchased with original maturities of three months or less.

#### G. Property and Equipment

Property and equipment is stated at cost. Amounts of \$1,000 or more are capitalized. Depreciation is computed using the straight-line method over the assets' useful lives. Depreciation expense of \$5,859 has been recorded for the years ended August 31, 2016 and 2015, respectively.

# TENACITY, INC.

## NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2016 AND 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### H. Income Taxes

The Organization is a not-for-profit charitable organization and is exempt from Federal and state income taxes under the Internal Revenue Service Code Section 501(c)(3).

##### Uncertain Tax Positions

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of August 31, 2016. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are subject to examination by taxing authorities generally for the years ended August 31, 2015, 2014 and 2013.

#### I. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results may differ from those estimates.

#### J. Management's Review of Subsequent Events

Management has reviewed and evaluated transactions and events ("subsequent events") after the statement of financial position date, August 31, 2016, and up to and including December 21, 2016, the date the financial statements were available to be issued. The objective of this review was to determine if any events occurred subsequent to August 31, 2016 which provided additional evidence of events which may have required recognition or disclosure in the accompanying financial statements. In management's opinion, no events have occurred which require recognition or disclosure in the financial statements.

### 3. PROMISES TO GIVE

Pledges receivable are unconditional promises to give, and consist of the following:

	<u>2016</u>	<u>2015</u>
Gross Pledges Receivable	\$754,233	\$1,062,925
Less: Unamortized Discount	( 5,738)	( 8,608)
Allowance for Uncollectible Pledges	-	( 30,300)
Net Pledges Receivable	<u>\$748,495</u>	<u>\$1,024,017</u>

# TENACITY, INC.

## NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2016 AND 2015

### 3. PROMISES TO GIVE (Continued)

Amounts due in:

Less Than One Year	\$ 604,232	\$ 882,625
One to Four Years	<u>144,263</u>	<u>141,392</u>
	<u>\$ 748,495</u>	<u>\$1,024,017</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.0%.

### 4. INVESTMENTS

Investments are stated at fair market value, the quoted market price, and consist of money market mutual funds. The market value and cost of investments are the same and amounted to \$811,663 and \$1,811,536 at August 31, 2016 and 2015, respectively.

The composition of investment income is as follows:

	<u>2016</u>	<u>2015</u>
Dividend Income	\$ 127	\$ 152
Interest Income	<u>61</u>	<u>78</u>
Total Investment Income	\$ <u>188</u>	\$ <u>230</u>

### 5. DONATED SERVICES / EQUIPMENT AND CONTRIBUTIONS

Donated services and facilities are included as Support and Revenue and Expenses in the statements of activities and changes in net assets at the fair value of those services. These amounts are detailed below:

<u>Donated Services / Equipment</u>	<u>2016</u>	<u>2015</u>
A. Donations of professional services by established legal, advertising, marketing, communications, and printing firms	\$ 810	\$ 55,752
B. Market Value of donated facilities	<u>-</u>	<u>4,458</u>
TOTAL	\$ <u>810</u>	\$ <u>60,210</u>

These amounts are included in Support and Revenue in Contributions, Gifts and Grants and included in Expenses in Program and Other Expenses in the statements of activities and changes in net assets.

# TENACITY, INC.

## NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2016 AND 2015

### 5. DONATED SERVICES / EQUIPMENT AND CONTRIBUTIONS (Continued)

	<u>2016</u>	<u>2015</u>
<b><u>Contributions</u></b>		
Contributions from the City of Boston through a public partnership for youth staff salaries and tennis court time at various locations	<b>\$178,213</b>	\$135,348

The Organization receives a significant amount of additional donated services from unpaid volunteers who contribute time and energy to the organization. No amounts have been recognized for these additional donated services in the statements of activities and changes in net assets because the criteria for recognition regarding contributions have not been satisfied.

### 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at August 31, 2016 and 2015 consist of multi-year annual support pledges and other net assets restricted for certain programs.

Temporarily restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Annual Support Pledges – time restricted	\$ <b>291,692</b>	\$ 924,618
Program Related:		
Scholarships	<b>590,609</b>	575,464
Worcester Programs	<u><b>223,373</b></u>	<u>89,049</u>
	<u><b>813,982</b></u>	<u>664,513</u>
	<b>\$ <u>1,105,674</u></b>	<b>\$ <u>1,589,131</u></b>

### 7. RETIREMENT PLAN

The Organization sponsors a 403(b) Retirement Savings Plan for all eligible employees. The Organization's contribution to the plan for the years ended August 31, 2016 and 2015 was \$45,023 and \$23,079, respectively.

### 8. FACILITIES LEASE

The Organization had a lease for office space that expired June 30, 2016. The Organization extended the lease through June 30, 2021.

Occupancy expense was \$73,925 and \$72,025 for the years ended August 31, 2016 and 2015, respectively.

## TENACITY, INC.

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### NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2016 AND 2015

8. **FACILITIES LEASE** (Continued)

Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
2017	\$ 87,005
2018	92,818
2019	98,631
2020	104,445
2021	<u>91,074</u>
Total	<u>\$473,974</u>