INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Literacy Source, A Community Learning Center
Seattle, Washington

We have audited the accompanying financial statements of Literacy Source, A Community Learning Center (also referred to as Literary Source) which comprise the statements of financial position as of June 30, 2014 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. Information for the year ended June 30, 2013 is presented for comparative purposes only and was extracted from the financial statements audited by other accountants for that year.

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 of 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 the 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 as used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.
We believe that 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 Literary Source as of June 30, 2014 and 2013, 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.

The June 30, 2013 financial statements of Literary Source, A Community Learning Center were audited by other accountants whose report, dated January 7, 2014, stated that they were not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 5 and 6 are presented for purposes of additional analysis and are 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.

Luby & Thomson, PLLC
Certified Public Accountants
Seattle, WA
October 20, 2014
LITERACY SOURCE, A COMMUNITY LEARNING CENTER

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 269,052</td>
<td>$ 263,622</td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td>50,287</td>
<td>50,056</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>41,294</td>
<td>30,951</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>6,859</td>
<td>17,804</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>367,492</td>
<td>362,433</td>
</tr>
<tr>
<td>OTHER ASSETS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>101,774</td>
<td>101,774</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(101,774)</td>
<td>(101,774)</td>
</tr>
<tr>
<td>Deposits</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$ 374,492</td>
<td>$ 369,433</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

| CURRENT LIABILITIES: |            |            |
| Accounts payable     | $ 10,198   | $ 6,470    |
| Accrued payroll liabilities | 7,572 | 8,855 |
| Deferred revenue     | 15,000     | 20,300     |
| Total current liabilities | 32,770 | 35,625 |

| NET ASSETS: |            |            |
| Unrestricted    | 341,722    | 333,808    |
| Total Net Assets| 341,722    | 333,808    |

| TOTAL LIABILITIES AND NET ASSETS | $ 374,492 | $ 369,433 |

The accompanying notes are an integral part of these financial statements.
LITERACY SOURCE, A COMMUNITY LEARNING CENTER

STATEMENTS OF ACTIVITIES AND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED SUPPORT AND REVENUE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washington State Board for Community and Technical Colleges grants</td>
<td>$218,181</td>
<td>$281,905</td>
</tr>
<tr>
<td>Other government funding</td>
<td>109,053</td>
<td>121,736</td>
</tr>
<tr>
<td>Contributions</td>
<td>196,818</td>
<td>190,058</td>
</tr>
<tr>
<td>Interest Income</td>
<td>1,919</td>
<td>1,392</td>
</tr>
<tr>
<td>Other Income</td>
<td>2,542</td>
<td></td>
</tr>
<tr>
<td>In-kind donations</td>
<td>23,674</td>
<td></td>
</tr>
<tr>
<td><strong>Total unrestricted support and revenue</strong></td>
<td><strong>552,187</strong></td>
<td><strong>595,091</strong></td>
</tr>
</tbody>
</table>

**EXPENSES:**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>480,880</td>
<td>469,885</td>
</tr>
<tr>
<td>Management and general</td>
<td>35,393</td>
<td>47,661</td>
</tr>
<tr>
<td>Fundraising</td>
<td>28,000</td>
<td>21,547</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>544,273</strong></td>
<td><strong>539,093</strong></td>
</tr>
</tbody>
</table>

Change in net assets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, beginning of year</td>
<td>333,808</td>
<td>277,810</td>
</tr>
</tbody>
</table>

Net assets, end of year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$341,722</td>
<td>$333,808</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# LITERACY SOURCE, A COMMUNITY LEARNING CENTER

## STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Adult Education</th>
<th>English Language &amp; Civics</th>
<th>City Program</th>
<th>Work First Grant</th>
<th>Citizenship Initiative</th>
<th>Other Programs</th>
<th>AmeriCorp</th>
<th>Total Program Services</th>
<th>Support Management &amp; General</th>
<th>Fund-raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$ 105,186</td>
<td>$ 26,513</td>
<td>$ 21,392</td>
<td>$ 31,429</td>
<td>$ 21,175</td>
<td>$ 70,761</td>
<td>$ 276,456</td>
<td>$ 22,178</td>
<td>$ 6,020</td>
<td>$ 5,000</td>
<td>$ 304,654</td>
</tr>
<tr>
<td>AmeriCorp</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>$ 24,418</td>
<td>$ 4,774</td>
<td>$ 2,078</td>
<td>$ 3,754</td>
<td>$ 2,512</td>
<td>$ 11,307</td>
<td>$ 48,843</td>
<td>$ 2,095</td>
<td>$ 897</td>
<td>$ 5,000</td>
<td>$ 51,835</td>
</tr>
<tr>
<td>Total payroll &amp; related expenses</td>
<td>$ 129,604</td>
<td>$ 31,287</td>
<td>$ 23,470</td>
<td>$ 35,183</td>
<td>$ 23,687</td>
<td>$ 82,068</td>
<td>$ 330,299</td>
<td>$ 24,273</td>
<td>$ 6,917</td>
<td>$ 361,489</td>
<td></td>
</tr>
<tr>
<td>Occupancy</td>
<td>$ 33,101</td>
<td>$ 10,494</td>
<td>$ 1,115</td>
<td>$ 5,669</td>
<td>$ 4,192</td>
<td>$ 831</td>
<td>$ 55,402</td>
<td>$ 49</td>
<td>$ 532</td>
<td>$ 55,983</td>
<td></td>
</tr>
<tr>
<td>Education/Training/Outreach</td>
<td>$ 300</td>
<td>$ 1,200</td>
<td>$ 96</td>
<td>$ 7,664</td>
<td>$ 107</td>
<td>$ 508</td>
<td>$ 519</td>
<td>$ 7,726</td>
<td>$ 10,299</td>
<td>$ 10,299</td>
<td></td>
</tr>
<tr>
<td>Educational materials</td>
<td>$ 3,730</td>
<td>$ 57</td>
<td>$ 1,568</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 1,500</td>
<td>$ 857</td>
<td>$ 2,357</td>
<td></td>
</tr>
<tr>
<td>Book expenses</td>
<td>$ 783</td>
<td>$ 867</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 5,355</td>
<td>$ 413</td>
<td>$ 5,768</td>
<td></td>
</tr>
<tr>
<td>Staff professional training</td>
<td>$ 509</td>
<td>$ 1,620</td>
<td></td>
<td></td>
<td>$ 1,650</td>
<td></td>
<td></td>
<td></td>
<td>$ 1,650</td>
<td>$ 1,650</td>
<td></td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>$ 1,449</td>
<td>$ 2,221</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 1,179</td>
<td>$ 3,533</td>
<td>$ 3,533</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 923</td>
<td>$ 1,650</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 2,573</td>
<td>$ 7,276</td>
<td>$ 10,299</td>
<td></td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>$ 7,664</td>
<td>$ 619</td>
<td>$ 1,822</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 974</td>
<td>$ 1,276</td>
<td>$ 1,276</td>
<td></td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>$ 923</td>
<td>$ 247</td>
<td>$ 46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 983</td>
<td>$ 4,636</td>
<td>$ 4,636</td>
<td></td>
</tr>
<tr>
<td>Equipment leases &amp; repair</td>
<td>$ 9,235</td>
<td>$ 923</td>
<td>$ 7,313</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 4,636</td>
<td>$ 7,313</td>
<td>$ 7,313</td>
<td></td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>$ 1,100</td>
<td>$ 2,601</td>
<td>$ 421</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 2,601</td>
<td>$ 4,122</td>
<td>$ 4,122</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>$ 7,488</td>
<td>$ 11,060</td>
<td>$ 4,051</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 10,795</td>
<td>$ 10,795</td>
<td>$ 21,590</td>
<td></td>
</tr>
<tr>
<td>Dues and licenses</td>
<td>$ 70</td>
<td>$ 905</td>
<td>$ 780</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 399</td>
<td>$ 2,030</td>
<td>$ 2,429</td>
<td></td>
</tr>
<tr>
<td>Contract services</td>
<td>$ 16,974</td>
<td>$ 4,254</td>
<td>$ 3,243</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 23,674</td>
<td>$ 23,674</td>
<td>$ 23,674</td>
<td></td>
</tr>
<tr>
<td>Total Expense</td>
<td>$ 189,185</td>
<td>$ 48,947</td>
<td>$ 45,335</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 480,880</td>
<td>$ 35,393</td>
<td>$ 28,000</td>
<td>$ 544,273</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# LITERACY SOURCE, A COMMUNITY LEARNING CENTER

## STATEMENT OF FUNCTIONAL EXPENSES
**FOR THE YEAR ENDED JUNE 30, 2013**

<table>
<thead>
<tr>
<th>Program</th>
<th>Adult Basic Education</th>
<th>English Language Civics</th>
<th>City Program</th>
<th>Work First Grant</th>
<th>Citizenship Initiative</th>
<th>Other Programs</th>
<th>Total Program Services</th>
<th>Support Management &amp; General</th>
<th>Support Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$ 133,474</td>
<td>$ 42,813</td>
<td>$ 19,841</td>
<td>$ 39,965</td>
<td>$ 18,319</td>
<td>$ 40,050</td>
<td>$ 294,462</td>
<td>$ 23,260</td>
<td>$ 6,446</td>
<td>$ 324,168</td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>24,393</td>
<td>8,833</td>
<td>2,119</td>
<td>12,730</td>
<td>2,090</td>
<td>4,456</td>
<td>54,621</td>
<td>3,494</td>
<td>1,025</td>
<td>59,140</td>
</tr>
<tr>
<td><strong>Total payroll &amp; related expenses</strong></td>
<td>157,867</td>
<td>51,646</td>
<td>21,960</td>
<td>52,695</td>
<td>20,409</td>
<td>44,506</td>
<td>349,083</td>
<td>26,754</td>
<td>7,471</td>
<td>383,308</td>
</tr>
</tbody>
</table>

- **Occupancy**
  - 32,072
  - 7,197
  - 300
  - 12,507
  - 5,498
  - 575
  - 58,149
  - 253
  - 58,655

- **AmeriCorps match**
  - 1,141
  - 1,141
  - 2,282
  - 2,282

- **Education/Training/Outreach**
  - 1,971
  - 250
  - 25
  - 130
  - 250
  - 2,626
  - 382
  - 3,008

- **Educational materials**
  - 2,688
  - 765
  - 312
  - 3,765
  - 385
  - 4,150

- **Book expenses**
  - 2,729
  - 390
  - 71
  - 2,800

- **Staff professional training**
  - 365
  - 25
  - 390
  - 930

- **Travel and transportation**
  - 1,386
  - 119
  - 2,568
  - 162
  - 77
  - 204
  - 4,516

- **Supplies**
  - 3,287
  - 5,266
  - 80
  - 2,273
  - 10,906
  - 7,839
  - 18,745

- **Telephone and internet**
  - 3,443
  - 60
  - 3,503

- **Printing and reproduction**
  - 3,909
  - 1,084
  - 4,993

- **Equipment leases & repair**
  - 9,101
  - 9,101

- **Postage and delivery**
  - 117
  - 81
  - 198
  - 1,196
  - 251
  - 1,645

- **Insurance**
  - 2,847
  - 2,847

- **Professional fees**
  - 6,456
  - 6,456

- **Dues and licenses**
  - 3,104
  - 3,104

- **Consortium**
  - 495
  - 495

- **Contract services**
  - 1,000
  - 1,000

- **Event expenses**
  - 6,880
  - 4,195
  - 11,075

- **Meals & events**
  - 2,841
  - 10,320
  - 13,161

- **Bank service charges**
  - 1,212
  - 1,272

- **Other goods/services**
  - 475
  - 1,562
  - 2,037

- **Total Expense**
  - $ 217,449
  - $ 70,167
  - $ 69,117
  - $ 28,146
  - $ 53,260
  - $ 469,885
  - $ 47,661
  - $ 21,547
  - $ 539,093

The accompanying notes are an integral part of these financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES:
  Change in net assets
  Adjustments to reconcile change in net assets to net
  cash from operating activities:
   (Increase) decrease in accounts receivable (10,343) (9,343)
   (Increase) decrease in prepaid expenses 10,945 (5,420)
   Increase (decrease) in accounts payable 3,728 180
   Increase (decrease) in accrued payroll expense (1,283) (12,501)
   Increase (decrease) in deferred revenue (5,300) (265)
  Net cash provided (used) by operating activities 5,661 28,649

CASH FLOWS FROM INVESTING ACTIVITIES:
  Purchase of certificates of deposit

NET INCREASE (DECREASE) IN CASH 5,661 79,773

CASH AND CASH EQUIVALENTS,
  beginning of the period 313,678 233,905

CASH AND CASH EQUIVALENTS,
  end of the period $ 319,339 $ 313,678

SUPPLEMENTAL SCHEDULE OF CASH FLOWS INFORMATION
  Cash paid during the year for:
   Interest $ - $ - $ -
   Federal Income Taxes $ - $ $ -

The accompanying notes are an integral part of these financial statements.
Organization and Significant Accounting Policies

Literacy Source, A Community Learning Center, (the Organization), established in 2001, is a nonprofit corporation located in Seattle, Washington. The Organization provides a safe, non-judgmental educational environment where adults can improve basic reading, writing, computing, English speaking and life skills. The Organization assists adults in improving their basic life skills with the assistance of community volunteers, trained and supported by professional staff and consultants, who effectively facilitate this improvement. The Organization encourages and celebrates the challenge of developing the habit of independent, life-long learning. Services are provided at no cost.

The Organization has been providing unique and responsive adult literacy services since 1986, when it was a part of another nonprofit organization. During the first few years, they focused primarily on adult basic literacy instruction in Seattle’s North End. Today, services include English as a Second Language (ESL) tutoring and conversation classes at all levels, computer literacy, workplace basic skills, citizenship and civics classes, and an individualized high school diploma program.

The Organization’s mission is to build a literate community by providing learner-centered instruction to adults in English literacy and basic life skills. Literacy Source believes that all adults can improve their basic life skills and that community volunteers, trained and supported by professional staff, can make this happen. They welcome the challenge of developing the habit of independent lifelong learning.

The Organization’s story unfolds each day in their office — and in homes, community centers, and workplaces around Seattle and the Puget Sound region — as adult learners work towards literacy, language skills, citizenship, better jobs and better lives. They make a difference, to students, volunteers, families, employers and communities.

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of American. Financial statement presentation requires the organization 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. The Organization has no temporarily or permanently restricted net assets.
Organization and Significant Accounting Policies (continued)

Cash and cash equivalents: Cash and cash equivalents consist of business checking accounts. The Organization has not experienced any loss in these accounts, and management does not believe it is exposed to any significant credit risk.

Fair value measurements: In accordance with accounting principles generally accepted in the United States of America (GAAP), certain assets and liabilities are valued using a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. Level 1 inputs are given the highest priority and are based on unadjusted quoted market prices within active markets. Assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Assets and liabilities using Level 3 inputs are given the lowest priority and are primarily valued using unobserved inputs such as management’s assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Investments consist of certificates of deposit which are valued at cost plus accrued interest, which approximates fair value, using Level 2 inputs.

Accounts receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances within the next year. Management does not provide for uncollectible accounts as they believe all accounts are collectible.

Equipment: Equipment is stated at cost, or if donated, at estimated fair value at date of donation. Long-lived assets with original purchase price greater than $1,000 are capitalized and depreciated using the straight-line method over the estimated useful lives of the asset of 5 to 7 years.

Deferred revenue: Revenue received in advance for classes held in the subsequent year is deferred and recognized in the period in which the revenue is earned.

Recognition of donor restricted contributions: Support that is restricted by the donor is 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 expires, temporarily restricted net assets are reclassified to unrestricted net assets.
Note 1. Organization and Significant Accounting Policies (continued)

Contributed services: Many citizens and Board members have made significant contributions of time to the Organization's program, policy-making, fundraising, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services under accounting principles generally accepted in the United States of America and, accordingly, is not reflected in the accompanying financial statements.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reporting amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expense: The costs of providing the various program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Income Tax Status: The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization files information and tax returns in the U.S. federal jurisdiction, and in state and local jurisdictions. The Organization has been subject to U.S. federal, state and local examinations by tax authorities for the current year and certain prior years based on applicable laws and regulations.

Cost reimbursement contracts: Revenues under cost-reimbursement type contracts are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustments made by the funding agencies. No adjustments were made for the years June 30, 2014 and 2013, respectively.
Note 2. Operating Leases

The rental lease term for the office is five years, which commenced on June 2007 and was extended for three years in June 2012. Rent expense was $49,460 and $47,505 for the years ended June 30, 2014 and 2013, respectively. The lease can be renewed for three additional years upon notice.

Future minimum lease payments for the years ending June 30 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>38,500</td>
</tr>
</tbody>
</table>

Total lease payments $ 38,500

Note 3. Economic Dependence

The Washington State Board of Community and Technical Colleges provided approximately 40% and 47% of the total support and revenue for the years ended June 30, 2014 and 2013, respectively.

Note 4. In-kind Contributions

Contributed goods and services are recorded at rates that would have been paid for similar good and services purchased. The Organization received in-kind donations of $23,674 and $0 in AmeriCorps services for the years ended June 31, 2014 and 2013, respectively.

Note 5. Subsequent Events

Literacy Source has evaluated subsequent events through the date these financial statements were available to be issued on October 20, 2014.