

**ALLIANCE FOR AGING RESEARCH**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

**ALLIANCE FOR AGING RESEARCH  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Alliance for Aging Research  
Washington, DC

### Report on the Financial Statements

We have audited the accompanying financial statements of the Alliance for Aging Research (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

CliftonLarsonAllen LLP

Arlington, Virginia  
October 8, 2015



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**ALLIANCE FOR AGING RESEARCH  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,573,989	\$ 3,111,119
Grants Receivable	119,000	443,100
Contributions Receivable	191,547	239,154
Investments	-	11,538
Prepaid Expenses and Other Assets	30,679	17,074
Total Current Assets	2,915,215	3,821,985
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and Office Equipment	33,156	33,156
Computer Equipment and Software	23,644	11,244
Leasehold Improvements	7,943	7,943
Total Property and Equipment	64,743	52,343
Less: Accumulated Depreciation and Amortization	(28,020)	(20,360)
Net Property and Equipment	36,723	31,983
<b>INVESTMENTS - DEFERRED COMPENSATION FUND</b>		
	-	170,324
Total Assets	\$ 2,951,938	\$ 4,024,292
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 54,471	\$ 139,133
Deferred Rent - Current	466	1,869
Capital Lease Payable - Current	4,634	3,524
Total Current Liabilities	59,571	144,526
<b>NONCURRENT LIABILITIES</b>		
Deferred Compensation Obligation	-	170,324
Deferred Rent - Noncurrent	17,317	18,236
Capital Lease Payable - Noncurrent	5,520	10,155
Total Noncurrent Liabilities	22,837	198,715
Total Liabilities	82,408	343,241
<b>NET ASSETS</b>		
Unrestricted	875,173	817,697
Temporarily Restricted	1,483,429	2,352,426
Permanently Restricted	510,928	510,928
Total Net Assets	2,869,530	3,681,051
Total Liabilities and Net Assets	\$ 2,951,938	\$ 4,024,292

See accompanying Notes to Financial Statements.

**ALLIANCE FOR AGING RESEARCH  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE</b>								
Grants	\$ -	\$ 760,100	\$ -	\$ 760,100	\$ -	\$ 957,777	\$ -	\$ 957,777
Contributions	295,586	-	-	295,586	266,533	-	-	266,533
Annual Dinner	220,000	270,500	-	490,500	145,300	260,000	-	405,300
Special Events/Other	3,420	-	-	3,420	63,154	-	-	63,154
Interest Income	19,461	4,087	-	23,548	12,430	-	-	12,430
Publications	461	-	-	461	726	-	-	726
Other Income	100	-	-	100	-	-	-	-
Donated Rental Space	-	-	-	-	53,130	-	-	53,130
Net Assets Released from Program Restrictions	1,903,684	(1,903,684)	-	-	1,500,909	(1,500,909)	-	-
Total Revenue	<u>2,442,712</u>	<u>(868,997)</u>	<u>-</u>	<u>1,573,715</u>	<u>2,042,182</u>	<u>(283,132)</u>	<u>-</u>	<u>1,759,050</u>
<b>EXPENSES</b>								
Program Services:								
Health Education	1,203,513	-	-	1,203,513	1,055,368	-	-	1,055,368
Public Policy	543,179	-	-	543,179	498,914	-	-	498,914
Communications	38,503	-	-	38,503	23,824	-	-	23,824
	<u>1,785,195</u>	<u>-</u>	<u>-</u>	<u>1,785,195</u>	<u>1,578,106</u>	<u>-</u>	<u>-</u>	<u>1,578,106</u>
Supporting Services:								
Management and General	378,201	-	-	378,201	575,636	-	-	575,636
Fundraising	220,143	-	-	220,143	275,880	-	-	275,880
	<u>598,344</u>	<u>-</u>	<u>-</u>	<u>598,344</u>	<u>851,516</u>	<u>-</u>	<u>-</u>	<u>851,516</u>
Total Expenses	<u>2,383,539</u>	<u>-</u>	<u>-</u>	<u>2,383,539</u>	<u>2,429,622</u>	<u>-</u>	<u>-</u>	<u>2,429,622</u>
Change in Net Assets Before Realized/ Unrealized (Loss) Gain on Investments	59,173	(868,997)	-	(809,824)	(387,440)	(283,132)	-	(670,572)
Realized/Unrealized (Loss) Gain on Investments	<u>(1,697)</u>	<u>-</u>	<u>-</u>	<u>(1,697)</u>	<u>(2,990)</u>	<u>-</u>	<u>-</u>	<u>(2,990)</u>
<b>CHANGE IN NET ASSETS</b>	57,476	(868,997)	-	(811,521)	(390,430)	(283,132)	-	(673,562)
Net Assets - Beginning of Year	<u>817,697</u>	<u>2,352,426</u>	<u>510,928</u>	<u>3,681,051</u>	<u>1,208,127</u>	<u>2,635,558</u>	<u>510,928</u>	<u>4,354,613</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 875,173</u>	<u>\$ 1,483,429</u>	<u>\$ 510,928</u>	<u>\$ 2,869,530</u>	<u>\$ 817,697</u>	<u>\$ 2,352,426</u>	<u>\$ 510,928</u>	<u>\$ 3,681,051</u>

See accompanying Notes to Financial Statements.

**ALLIANCE FOR AGING RESEARCH  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (811,521)	\$ (673,562)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation and Amortization	7,660	11,600
Realized and Unrealized Losses on Investments	1,697	2,990
Changes in Assets and Liabilities:		
Grants Receivable	324,100	(332,600)
Contributions Receivable	47,607	(62,469)
Prepaid Expenses and Other Assets	(13,605)	36,187
Accounts Payable and Accrued Expenses	(84,662)	9,429
Deferred Rent	(2,322)	20,105
Net Cash Used in Operating Activities	(531,046)	(988,320)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments	9,841	-
Purchases of Property and Equipment	(12,400)	(20,788)
Net Cash Used in Investing Activities	(2,559)	(20,788)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(3,525)	(2,680)
Net Cash Used in Financing Activities	(3,525)	(2,680)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(537,130)	(1,011,788)
Cash and Cash Equivalents - Beginning of Year	3,111,119	4,122,907
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,573,989	\$ 3,111,119
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Assets Acquired Through Capital Lease	\$ -	\$ 19,398

See accompanying Notes to Financial Statements.

**ALLIANCE FOR AGING RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Alliance for Aging Research (the "Organization") is a non-profit organization incorporated in the District of Columbia in 1986. The Organization is dedicated to improving the health and independence of Americans as they age through public and private funding of medical research and geriatric education.

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Organization is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation under Section 509(a)(1) of the Code.

The tax returns for the Organization are subject to review and examination by federal, state and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers cash and cash equivalents to include cash in banks and money market funds held in its investment account.

**Grants and Contributions Receivable**

Grants and contributions receivable are recorded at their net realizable value. Amounts over 90 days past due are analyzed for collectibility and when all collection efforts have been exhausted, the account is written off against bad debt expense. Management estimates that all receivables are fully collectible. Therefore, no allowance for doubtful accounts has been recognized.

**Investments**

Investments are recorded at fair market value. Accordingly, unrealized gains and losses due to market fluctuations during the year are reflected in the statement of activities. Realized gains or losses are recognized upon sale or disposal. The Organization's policy is to report net realized/unrealized gains or losses on investments below the change in net assets before realized/unrealized gains or losses on investments on the statements of activities.

**ALLIANCE FOR AGING RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

**Fair Value Measurements**

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

**Fair Value Hierarchy**

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

Financial assets and liabilities recorded in the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active market or non-active market.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The asset 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. There have been no changes in the valuation methodologies used at June 30, 2015.



**ALLIANCE FOR AGING RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of 2 to 10 years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term. All acquisitions greater than \$1,000 with expected lives exceeding one year are capitalized.

**Net Assets**

To ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, its net assets and revenue have been classified into net asset groups based on the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

*Unrestricted:* Represents resources of the Organization available to support general operations.

*Temporarily Restricted:* Represents resources that result from contributions limited to use by donor-imposed stipulations. Such restrictions either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently Restricted:* Represents contributions received from donors who have specified that the corpus of their original gifts be maintained in perpetuity. The net earnings from the investment of the corpus are unrestricted for the purpose of funding general operations as directed by the donor.

**Grants and Contributions**

Grants and contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Amounts of temporarily restricted contributions are subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of those restrictions.

**Annual Dinner**

Annual dinner sponsorships and ticket sales are recorded as temporarily restricted if received in advance of the fiscal year of the event. Amounts of temporarily restricted contributions are subsequently released to unrestricted net assets in the year of the event. If annual dinner sponsorships and ticket sales are received for the event within the same fiscal year, they are recorded as unrestricted.

**Temporarily Restricted Support**

The Organization's policy is to report all donor-restricted contributions as temporarily restricted support even if those restrictions are met in the same reporting period the contributions are received.

**ALLIANCE FOR AGING RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing programs and supporting services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Uniform Prudent Management of Institutional Funds Act**

During 2008, Washington, DC enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In August 2008, the FASB released guidance on the classification of endowment fund net assets for states that have enacted versions of UPMIFA. Under UPMIFA, all unappropriated endowment fund assets are considered restricted.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 8, 2015, the date the financial statements were available to be issued.

**NOTE 2 CONCENTRATION OF CREDIT RISK**

Financial instruments which subject the Organization to concentrations of credit risk consist of demand deposit and savings accounts with a financial institution which may at times exceed federally insured limits.

**NOTE 3 PLEDGES RECEIVABLE**

Pledges receivable at June 30, 2015 and 2014, represent current unconditional amounts pledged to the Organization. All pledges are expected to be collected within one year from the time the commitment was made.

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of deferred compensation investments and equity securities held as of June 30, 2014. The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. 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, 2014:

	Level 1	Level 2	Level 3	Total
Mutual Funds - Fixed Income	\$ 17,337	\$ -	\$ -	\$ 17,337
Mutual Funds - Equity	119,034	-	-	119,034
Mutual Funds - Alternative	33,931	-	-	33,931
Money Market Funds	22	-	-	22
Equities	11,538	-	-	11,538
	<u>\$ 181,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,862</u>

There were no assets at fair value at June 30, 2015.

**ALLIANCE FOR AGING RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 5 DEFERRED COMPENSATION**

Under a deferred compensation agreement, certain employees participate or will become eligible to participate based on the number of years employed with the Organization. The Organization periodically transfers amounts to established funds as determined by the Board of Directors. Investments held for deferred compensation obligations are recorded at fair value. For the years ended June 30, 2015 and 2014, no contributions were made to the plan by the Organization. The deferred compensation plan was paid out in March 2015.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following programs at June 30, 2015 and 2014:

<u>Program Restricted</u>	<u>2014</u>	<u>Additions</u>	<u>Releases</u>	<u>2015</u>
Health Education	\$1,334,615	\$ 355,100	\$ (1,146,637)	\$ 543,078
Public Policy	757,811	405,000	(492,960)	669,851
Annual Dinner	260,000	270,500	(260,000)	270,500
Endowment	-	4,087	(4,087)	-
	<u>\$2,352,426</u>	<u>\$1,034,687</u>	<u>\$ (1,903,684)</u>	<u>\$1,483,429</u>

When expenditures are made in accordance with donor's restrictions, funds are released from the restriction and are reclassified to unrestricted net assets in the current period's statement of activities.

**NOTE 7 RETIREMENT PLAN**

The Organization sponsors a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code which covers all AAR employees. Employees, if they wish, may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization is not required to match participant contributions. For the years ended June 30, 2015 and 2014, no contributions were made to the plan by the Organization.

**NOTE 8 RELATED PARTY TRANSACTIONS**

The Board of Directors made contributions to the Organization in the amounts of \$237,500 and \$216,000 for the years ended June 30, 2015 and 2014, respectively. Outstanding amounts related to these contributions are included in contributions receivable and totaled \$35,000 at June 30, 2015 and 2014.

The Organization also received grants or sponsorships from companies or individuals who employ or are otherwise affiliated with the Board of Directors in the amounts of \$205,000 and \$190,000 for the years ended June 30, 2015 and 2014, respectively. Outstanding amounts related to these grants and sponsorships are included in grants receivable and totaled \$15,000 and \$0 at June 30, 2015 and 2014, respectively.

**ALLIANCE FOR AGING RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)**

In addition, a company whose general partner is a member of the Board provided the Organization with donated rental space during the year ended June 30, 2014. This rent, valued at the square footage rate paid by the company, multiplied by the space occupied by the Organization, has been recognized as an in-kind contribution and off-setting expense in the statement of activities. The total of donated rental revenue and expense for the year ended June 30, 2014 was \$53,130. There was no such activity in the year ended June 30, 2015.

**NOTE 9 ENDOWMENT**

The Organization has donor-restricted endowment funds. As required by GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considered all amounts earned on the endowment fund to be appropriated for current use.

The Organization's endowment investment policy is focused on preservation of capital and amounts are invested in certificates of deposit and money market funds.

The following is a summary of endowment funds subject to UPMIFA for the years ended June 30, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2013	\$ -	\$ -	\$ 510,928	\$ 510,928
Investment income	-	1,533	-	1,533
Appropriations	-	(1,533)	-	(1,533)
Endowment net assets, June 30, 2014	<u>-</u>	<u>-</u>	<u>510,928</u>	<u>510,928</u>
Investment income	-	4,087	-	4,087
Appropriations	-	(4,087)	-	(4,087)
Endowment net assets, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510,928</u>	<u>\$ 510,928</u>

**ALLIANCE FOR AGING RESEARCH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE 10 EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS AND GRANTS**

The Organization received approximately 98% and 93% of its revenues from contributions and grants for the years ended June 30, 2015 and 2014, respectively. The ability of certain contributors to continue providing amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions to the Organization. While management believes that the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

**NOTE 11 COMMITMENTS**

**Lease Obligation**

The Organization entered into a lease for office space in Washington, DC on December 16, 2013 which expires December 15, 2018. The first month and a half of rent due was abated. Rent expense is being recognized on a straight-line basis over the term of the lease. Rent expense for the fiscal years ended June 30, 2015 and 2014 was \$148,066 and \$80,477, respectively.

Future minimum payments under this lease are as follows:

Years Ending June 30	Minimum Lease Payments
2016	\$ 150,371
2017	154,130
2018	157,983
2019	79,967
Total	\$ 542,451

**Capital Lease**

The Organization entered into a five-year lease agreement for a copier during 2012. The value of the copier machine has been capitalized and recorded as equipment within the statement of financial position and is being depreciated on a straight-line basis. Imputed interest is being amortized over the lease term.

Future minimum lease payments are as follows:

Years Ending June 30	Minimum Lease Payments
2016	\$ 6,888
2017	6,314
Total Minimum Lease Payments	13,202
Less: Amount Representing Interest	(3,048)
Present Value of Minimum Lease Payments	\$ 10,154