

Audited Financial Statements



December 31, 2015

Quigley & Miron

**Hugh O'Brian Youth Leadership
Audited Financial Statements
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Independent Auditor's Report

Board of Trustees
Hugh O'Brian Youth Leadership
Westlake Village, California

We have audited the accompanying financial statements of Hugh O'Brian Youth Leadership (Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 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 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 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.

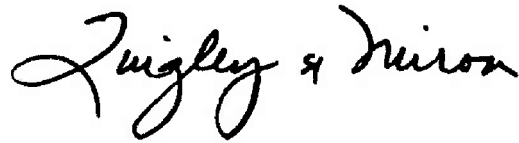
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hugh O'Brian Youth Leadership as of December 31, 2015, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Hugh O'Brian Youth Leadership's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive style and is positioned to the right of the date and location text.

Los Angeles, California
August 10, 2016

**Hugh O'Brian Youth Leadership
Statement of Financial Position
December 31, 2015
(with comparative totals for 2014)**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Assets				
Cash and cash equivalents	\$ 659,006	\$	\$ 659,006	\$ 436,832
Certificate of deposit held in collateral to line of credit —Note 4	729,902		729,902	729,278
Investments—Note 2	301,014		301,014	301,210
Pledges receivable				25,000
Accounts receivable	48,075		48,075	50,793
Prepaid expenses	107,338		107,338	52,655
Other current assets				1,504
Property and equipment, net—Note 3	62,238		62,238	75,771
Beneficial interest in agency endowment—Note 7	(4,789)	137,289	132,500	112,860
Total Assets	<u>\$ 1,902,784</u>	<u>\$ 137,289</u>	<u>\$ 2,040,073</u>	<u>\$ 1,785,903</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued liabilities	\$ 505,637	\$	\$ 505,637	\$ 241,253
Line of credit—Note 4	149,528		149,528	479,528
Total Liabilities	655,165		655,165	720,781
Commitments—Note 5				
Net Assets—Note 6	<u>1,247,619</u>	<u>137,289</u>	<u>1,384,908</u>	<u>1,065,122</u>
Total Liabilities and Net Assets	<u>\$ 1,902,784</u>	<u>\$ 137,289</u>	<u>\$ 2,040,073</u>	<u>\$ 1,785,903</u>

See notes to financial statements.

Hugh O'Brian Youth Leadership
Statement of Activities
Year Ended December 31, 2015
(with comparative totals for 2014)

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Public Support and Revenues				
Contributions	\$ 317,521	\$ 23,748	\$ 341,269	\$ 62,393
Registration fees				
State seminars	1,971,861		1,971,861	1,714,415
World Leadership Congress	751,719		751,719	699,958
Special event income—Note 8	439,595		439,595	498,505
Interest and dividend income	15,460		15,460	7,917
Gain (loss) on investments	(12,748)		(12,748)	14,607
Change in value of beneficial interest in agency endowment—Note 6	(5,330)		(5,330)	(923)
Other income	22,962		22,962	22,170
	<u>3,501,040</u>	<u>23,748</u>	<u>3,524,788</u>	<u>3,019,042</u>
Total Public Support and Revenues				
Expenses				
Program services				
State seminars	1,602,967		1,602,967	1,442,049
Training Institute	176,250		176,250	163,975
World Leadership Congress	786,240		786,240	710,788
	<u>2,565,457</u>		<u>2,565,457</u>	<u>2,316,812</u>
Total Program Services				
Supporting services				
Management and general	221,004		221,004	226,079
Fund development	418,541		418,541	363,323
	<u>639,545</u>		<u>639,545</u>	<u>589,402</u>
Total Supporting Services				
Total Expenses	<u>3,205,002</u>		<u>3,205,002</u>	<u>2,906,214</u>
Change in Net Assets	<u>296,038</u>	<u>23,748</u>	<u>319,786</u>	<u>112,828</u>
Net Assets at Beginning of Year	<u>951,581</u>	<u>113,541</u>	<u>1,065,122</u>	<u>952,294</u>
Net Assets at End of Year	<u>\$ 1,247,619</u>	<u>\$ 137,289</u>	<u>\$ 1,384,908</u>	<u>\$ 1,065,122</u>

See notes to financial statements.

**Hugh O'Brian Youth Leadership
Statement of Functional Expenses
Year Ended December 31, 2015
(with comparative totals for 2014)**

	Program Services				Supporting Services			2015 Total	2014 Total
	State Seminars	Training Institute	World Leadership Congress	Subtotal	Manage- ment and General	Fund Develop- ment	Subtotal		
Salaries and wages	\$ 577,449	\$	\$ 152,244	\$ 729,693	\$ 84,427	\$ 8,231	\$ 92,658	\$ 822,351	\$ 778,700
Payroll taxes	45,408		11,278	56,686	5,615	602	6,217	62,903	63,074
Employee benefits	82,600		15,633	98,233	18,368	294	18,662	116,895	102,853
Total Personnel Expenses	705,457		179,155	884,612	108,410	9,127	117,537	1,002,149	944,627
Advertising and promotion	6,945		200	7,145		1,003	1,003	8,148	26,891
Awards	9,997	6,547	2,665	19,209	452	5,561	6,013	25,222	34,714
Bank and credit card processing charges	21,769		12,782	34,551	3,323	3,969	7,292	41,843	41,386
Computer and website	21,740	99	26,665	48,504	6,338	2,802	9,140	57,644	64,248
Depreciation	5,282		3,242	8,524	17,884		17,884	26,408	26,739
Dues and subscriptions	12,213	98	12,898	25,209	1,386	11,251	12,637	37,846	13,768
Equipment rental	2,004		930	2,934	4,173		4,173	7,107	8,642
Insurance	42,818		14,662	57,480	21,993		21,993	79,473	61,484
Interest	2,169		867	3,036	1,301		1,301	4,337	7,003
Licenses and fees	3,123		1,440	4,563	3,401	316	3,717	8,280	10,940
Office expense	7,847	346	2,380	10,573	2,126	375	2,501	13,074	24,201
Outside services	14,570		5,525	20,095	8,532	68,095	76,627	96,722	76,514
Postage and delivery	22,124	1,173	1,796	25,093	442	2,375	2,817	27,910	38,557
Printing and publications	17,131	718	9,839	27,688	603	17,877	18,480	46,168	56,490
Professional fees and services	18,006		7,541	25,547	21,530	63,277	84,807	110,354	176,474
Rent	24,396		15,774	40,170	12,292	10,564	22,856	63,026	60,246
Revenue share to local seminars	553,603			553,603				553,603	384,900
Telephone	10,216		10,622	20,838	827	629	1,456	22,294	27,170
Travel, conferences, and events	101,557	167,269	477,257	746,083	5,991	221,320	227,311	973,394	821,220
Total Expenses	\$ 1,602,967	\$ 176,250	\$ 786,240	\$ 2,565,457	\$ 221,004	\$ 418,541	\$ 639,545	\$ 3,205,002	\$ 2,906,214

See notes to financial statements

**Hugh O'Brian Youth Leadership
Statement of Cash Flows
Year Ended December 31, 2015
(with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 319,786	\$ 112,828
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	26,408	26,739
(Gain) loss on investments	12,748	(14,607)
Contributions to beneficial interest in agency endowment	(23,748)	
Change in value of beneficial interest in agency endowment	5,330	923
(Increase) decrease in operating assets:		
Pledges receivable	25,000	(25,000)
Accounts receivable	2,718	(8,382)
Prepaid expenses	(54,683)	31,904
Other current assets	1,504	(1,224)
Increase in operating liabilities:		
Accounts payable and accrued liabilities	264,384	27,307
	<u>264,384</u>	<u>27,307</u>
Net Cash Provided by Operating Activities	579,447	150,488
Cash Flows from Investing Activities		
Purchases of property and equipment	(12,875)	(18,528)
Purchases of certificates of deposit	(624)	(818)
Purchases of investments	(12,552)	(6,235)
Purchases of beneficial interest in agency endowment	(24,970)	(242)
Proceeds from sales of investments		113,541
	<u>(51,021)</u>	<u>87,718</u>
Net Cash Provided by (Used in) Investing Activities	(51,021)	87,718
Cash Flows from Financing Activities		
Proceeds from line of credit	330,000	300,000
Payments on line of credit	(660,000)	(200,000)
Transfer to beneficial interest in agency endowment		(113,541)
Contributions to beneficial interest in agency endowment	23,748	
	<u>23,748</u>	<u>(113,541)</u>
Net Cash Used in Financing Activities	(306,252)	(13,541)
Net Increase in Cash and Cash Equivalents	222,174	224,665
Cash and Cash Equivalents at Beginning of Year	<u>436,832</u>	<u>212,167</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 659,006</u></u>	<u><u>\$ 436,832</u></u>
Supplemental Disclosures		
Cash paid during the year for:		
Income taxes	\$	\$
Interest	<u>4,337</u>	<u>7,003</u>

Hugh O'Brian Youth Leadership
Notes to Financial Statements
December 31, 2015

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Hugh O'Brian Youth Leadership (Organization) is a California not-for-profit organization formed to seek, develop, and recognize leadership potential, commencing with high school sophomores. The Organization is funded principally through the private sector with annual fundraising campaigns, special fundraising events, program service fees for its Leadership Seminars and World Leadership Congress, and ongoing support from corporations, foundations, and individuals.

Financial Statement Presentation—The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. The Organization had no temporarily restricted net assets at December 31, 2015.

Permanently restricted net assets—Net assets that are restricted by the donors for investment in perpetuity. The investment income generated from these funds is available for general support of the Organization's programs and operations.

It is the policy of the Organization to record restricted support as unrestricted support where the donor restrictions have been satisfied within the reporting period.

Income Taxes—The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise taxes under Section 23701d of the California Revenue and Taxation Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered '*more likely than not*' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2015. Generally, the Organization's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash and short-term investments. Cash includes cash balances held in banks and cash on-hand. Short-term investments include money market funds and investments with original maturities of less than three months.

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Certificates of Deposit and Investments—Investments in equity securities with readily determinable fair market values and all investments in debt securities, including certificates of deposit, are measured at fair value in the statement of financial position. Realized and unrealized gains and losses, interest and dividends on investments are reflected in the statement of activities as unrestricted unless these activities are restricted by donor or by law.

Property and Equipment—Purchases of property and equipment, consisting of furniture and fixtures, office equipment and leasehold improvements, are recorded at cost. Depreciation and amortization are recorded on the straight-line basis over the estimated useful lives, ranging from three to five years. Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Concentrations of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables. The Organization places its cash and money market funds principally with a high credit quality financial institution where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash held in investment accounts are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value and does not provide coverage for market risk.

At times, such balances may be in excess of the FDIC and SIPC insurance limits. Management of the Organization regularly reviews the financial stability of its cash and money market fund and deems the risk of loss due to these concentrations to be minimal. The Organization's Finance Committee, in consultation with professional investment advisors, determines the composition of the investment portfolio in accordance with a Board-approved investment policy. Management of the Organization has assessed the credit risk associated with the investments held at December 31, 2015 and has determined that an allowance for potential losses due to credit risk in the investment portfolio is not necessary.

Accounts receivable at December 31, 2015 consist of short-term, interest-free loans to various Organization state affiliates who were in need of assistance in covering the related costs incurred in holding their annual Leadership Seminars. Management of the Organization has assessed the credit risk associated with these receivables and has determined that an allowance for potential uncollectible amounts is not necessary.

Registration fees—Fees are recognized as revenue when such income is received.

Allocation of Functional Expenses—The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on actual labor hours incurred with respect to the various programs and support services.

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

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, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Reclassifications—Certain amounts in 2014 have been reclassified to conform with the 2015 financial statement presentation.

Comparative Totals for 2014—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Note 2—Investments

As of December 31, 2015 and 2014, the fair value of investments consists of the following:

	<u>2015</u>	<u>2014</u>
Common stock	\$ 3,415	\$ 3,917
Mutual funds	297,599	297,293
Totals	<u>\$ 301,014</u>	<u>\$ 301,210</u>

The following schedule summarizes the return on investments in the statement of activities for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 12,552	\$ 6,235
Realized gains		830
Unrealized gains (losses)	(12,748)	13,777
Total Investment Return	<u>\$ (196)</u>	<u>\$ 20,842</u>

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 3—Property and Equipment, Net

Net property and equipment is comprised of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 15,596	\$ 15,596
Office equipment	149,674	138,198
	<u>165,270</u>	<u>153,794</u>
Less accumulated depreciation and amortization	(103,032)	(78,023)
	<u>62,238</u>	<u>75,771</u>
Net	<u>\$ 62,238</u>	<u>\$ 75,771</u>

Note 4—Collateralized Line of Credit

In 2014, the Organization amended a previously negotiated revolving line of credit of \$700,000 with a bank. This line of credit was originally negotiated in March 2011. The loan is collateralized by a certificate of deposit, bears interest at the Prime Referenced Rate minus 1.25% (2.25% and 2.00% at December 31, 2015 and 2014, respectively) and matures on demand. The balance owed related to this line of credit at December 31, 2015 and 2014 was \$149,528 and \$479,528, respectively. The interest amount paid during 2015 and 2014 totaled \$4,337 and \$7,003, respectively.

Note 5—Commitments

The Organization leases space in Westlake Village, California, under a non-cancellable operating lease, expiring February 2018. Future minimum rental payments due are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 57,306
2017	59,013
2018	<u>9,907</u>
Total	<u>\$ 126,226</u>

Rental expense under the operating lease for the years ended December 31, 2015 and 2014 was \$55,726 and \$53,894, respectively.

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 6—Permanently Restricted Net Assets

On May 20, 2014, the Organization established an agency endowment, the Hugh O'Brian Legacy Fund (Fund), at the California Community Foundation (CCF). The Fund supports registration fee scholarships for students to attend Organization programs and direct expenditures related to the Fund's management and development. According to the Fund agreement, CCF holds, manages, invests and reinvests the Fund, collects the income, and makes distributions from the Fund. The Organization is the sole beneficiary of the Fund with distributions being made at least annually. The value of the beneficial interest is based upon the fair value of the assets held in the Fund. Annual earnings are recorded as investment income. Adjustments in the value of the beneficial interest are recorded as changes in beneficial interest in agency endowment.

The Fund makes up the Organization's entire permanently restricted net assets balance and is part of the pooled investments at CCF. On June 15, 2014, the Organization initiated the Fund by transferring \$113,541 to CCF. This transfer included restricted funding that was permitted by the donor, amounting to \$88,000. No reclassification of net assets was necessary as the net assets were already classified as permanently restricted. An additional \$25,541 was transferred from the Organization's unrestricted net assets.

The Organization's endowment is subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of California. As such, the Board of Trustees 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 classified 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 was added to the fund. The remaining portion of the donor-restricted endowment fund that was not classified in permanently restricted net assets was classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

From time to time, the fair value of assets associated with the agency endowment fund may fall below the Fund's total corpus amount. Deficiencies of this nature that are reported in unrestricted net assets at December 31, 2015 and 2014 were \$4,108 and \$681. These deficiencies resulted from unfavorable market fluctuations that existed at the time.

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 6—Permanently Restricted Net Assets—Continued

Activity in the beneficial interest in agency endowment held at California Community Foundation for the years ended December 31, 2015 and 2014 is summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at December 31, 2013	\$	\$	\$ 88,000	\$ 88,000
Interest and dividends		724		724
Change in value of beneficial interest in agency endowment		(923)		(923)
Management fees		(482)		(482)
Total Agency Endowment Return		(681)		(681)
Transfer to beneficial interest in agency endowment			25,541	25,541
Funds with deficiencies	(681)	681		
Endowment Net Assets at December 31, 2014	(681)		113,541	112,860
Interest and dividends		2,136		2,136
Change in value of beneficial interest in agency endowment		(5,330)		(5,330)
Management fees		(914)		(914)
Total Agency Endowment Return		(4,108)		(4,108)
Contributions			23,748	23,748
Funds with deficiencies	(4,108)	4,108		
Endowment Net Assets at December 31, 2015	\$ (4,789)	\$	\$ 137,289	\$ 132,500

Note 7—Fair Value Measurements

Fair value is defined as 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. Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy is categorized into three levels based on the inputs as follows:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination for which category within the fair value hierarchy is appropriate is based on the lowest level input that is significant to the fair value measurement in its entirety.

The estimated fair values of the Organization's short-term financial instruments, including receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 7—Fair Value Measurements—Continued

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2015:				
Common stock	\$ 3,415	\$ 3,415	\$	\$
Mutual funds	297,599	297,599		
Beneficial interest in agency endowment	132,500			132,500
Totals	<u>\$ 433,514</u>	<u>\$ 301,014</u>	<u>\$</u>	<u>\$ 132,500</u>
2014:				
Common stock	\$ 3,917	\$ 3,917	\$	\$
Mutual funds	297,293	297,293		
Beneficial interest in agency endowment	112,860			112,860
Totals	<u>\$ 414,070</u>	<u>\$ 301,210</u>	<u>\$</u>	<u>\$ 112,860</u>

A reconciliation of the Organization's Level 3 assets and liabilities for the years ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 112,860	\$
Contributions	23,748	
Transfer to beneficial interest in agency endowment		113,541
Interest and dividends	2,136	724
Change in value of beneficial interest in agency endowment	(5,330)	(923)
Management fees	(914)	(482)
Total Agency Endowment Return	<u>(4,108)</u>	<u>(681)</u>
Ending Balance	<u>\$ 132,500</u>	<u>\$ 112,860</u>

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 8—Special Events

Special events consist of gala dinners held in New York City and Los Angeles. The net proceeds from these events during the years ended December 31, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
New York City Gala		
Event income	\$ 314,740	\$ 498,505
Less related expenses	(205,158)	(232,258)
New York City Gala, Net	109,582	266,247
Los Angeles Gala		
Event income	124,855	
Less related expenses	(95,272)	
Los Angeles Gala, Net	29,583	
Totals	\$ 139,165	\$ 266,247

Expenses related to the special events are captioned in the statement of functional expenses under fund development. For the New York City Gala, expenses consist of the following for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
New York City Gala		
Awards	\$ 1,987	\$ 4,703
Bank and credit card processing charges	2,480	1,445
Computer and website	349	211
Licenses and fees	186	158
Office expense	229	651
Outside services	43,500	71,500
Postage and delivery	1,112	1,397
Printing and publications	10,260	18,209
Professional fees and services		3,000
Telephone	610	812
Travel, conferences, and events	144,445	130,172
Totals	\$ 205,158	\$ 232,258

Hugh O'Brian Youth Leadership
Notes to Financial Statements—Continued

Note 8—Special Events—Continued

Expenses for the Los Angeles Gala consist of the following for the year ended December 31, 2015:

Los Angeles Gala		
Awards	\$	3,492
Bank and credit card processing charges		1,390
Licenses and fees		32
Outside services		24,595
Postage and delivery		819
Printing and publications		6,826
Professional fees and services		400
Travel, conferences, and events		57,718
		<hr/>
Total	\$	<u>95,272</u>

Note 9—Subsequent Events

Management of Hugh O'Brian Youth Leadership evaluated subsequent events through August 10, 2016, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.