

LITERACY SOURCE,
A COMMUNITY LEARNING CENTER

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2016 and 2015

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LUBY & THOMSON, PLLC
C e r t i f i e d P u b l i c A c c o u n t a n t s

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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 Literacy Source) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and net assets 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.

Auditor's Responsibility

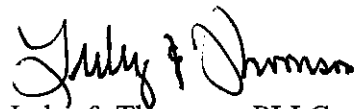
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 Literary Source as of June 30, 2016 and 2015, 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.

A handwritten signature in cursive script that reads "Luby & Thomson".

Luby & Thomson, PLLC
Certified Public Accountants
Seattle, WA
January 5, 2017

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 215,983	\$ 349,652
Certificate of deposit	-	50,513
Accounts receivable	94,733	36,926
Prepaid expenses	10,797	6,627
Total Current Assets	<u>321,513</u>	<u>443,718</u>
OTHER ASSETS:		
Equipment and leasehold improvements	181,049	101,774
Accumulated depreciation	(8,535)	(101,774)
Deposits	<u>6,463</u>	<u>7,000</u>
TOTAL ASSETS	<u>\$ 500,490</u>	<u>\$ 450,718</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,902	\$ 12,123
Accrued payroll liabilities	11,736	5,891
Straight line lease liability	27,724	-
Deferred revenue	-	58,500
Total current liabilities	<u>42,362</u>	<u>76,514</u>
NET ASSETS:		
Unrestricted	439,004	369,041
Temporarily restricted	<u>19,124</u>	<u>5,163</u>
Total Net Assets	<u>458,128</u>	<u>374,204</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 500,490</u>	<u>\$ 450,718</u>

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, 2016 AND 2015**

	2016	2015
UNRESTRICTED NET ASSETS		
Revenue and support:		
Washington State Board for Community and Technical Colleges grants	\$ 115,530	\$ 117,669
Other government funding	231,201	136,446
Foundation grants	99,050	42,000
Contract revenue	92,668	44,425
Contributions	283,216	226,883
Interest income	759	1,783
In-kind donations	65,933	52,441
	888,357	621,647
Net assets released from restrictions	5,163	1,337
Total unrestricted revenue and support	893,520	622,984
Expenses:		
Program	694,451	527,176
Management and general	93,788	38,494
Fundraising	35,318	29,995
	823,557	595,665
Total unrestricted expenses	823,557	595,665
Increase (Decrease) in unrestricted net assets	69,963	27,319
TEMPORARILY RESTRICTED NET ASSETS		
Foundation grants	17,500	-
Contributions	1,624	6,500
Net assets released from restriction	(5,163)	(1,337)
	13,961	5,163
Increase (Decrease) in temporarily restricted net assets	13,961	5,163
INCREASE (DECREASE) IN NET ASSETS	83,924	32,482
NET ASSETS, beginning of year	374,204	341,722
NET ASSETS, end of year	\$ 458,128	\$ 374,204

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, 2016**

	Program							Support		Total	
	Adult Basic Education	City/County Programs	Work First Block Grant	Citizenship Initiative	SEIU	AmeriCorp	Other Programs	Total Program Services	Management & General	Fund-raising	
Salaries and wages	\$ 96,732	\$ 95,338	\$ 39,170	\$ 35,035	\$ 46,585	\$ -	\$ 111,920	\$ 424,780	\$ 29,336	\$ 7,051	\$ 461,167
AmeriCorp	-	-	-	-	-	10,667	-	10,667	-	-	10,667
Payroll taxes and benefits	23,005	14,391	6,538	1,313	6,786	-	13,356	65,389	2,869	679	68,937
Total payroll & related expenses	<u>119,737</u>	<u>109,729</u>	<u>45,708</u>	<u>36,348</u>	<u>53,371</u>	<u>10,667</u>	<u>125,276</u>	<u>500,836</u>	<u>32,205</u>	<u>7,730</u>	<u>540,771</u>
Occupancy	68,340	9,244	7,389	1,139	2,709	-	1,358	90,179	-	-	90,179
Contract services	-	6,631	-	-	-	-	-	6,631	8,377	6,640	21,648
Event expenses	-	-	-	-	-	-	-	-	55	14,277	14,332
Facilities	9,887	1,503	1,069	-	391	-	197	13,047	-	-	13,047
Equipment leases & repair	-	-	-	-	-	-	-	-	9,390	-	9,390
Depreciation	6,468	983	699	-	256	-	129	8,535	-	-	8,535
Tech supplies & licenses	-	-	-	-	-	-	-	-	8,389	67	8,456
Professional fees	-	-	-	-	-	-	-	-	6,690	-	6,690
Supplies	651	416	-	1	-	-	69	1,137	5,016	21	6,174
Telephone and internet	-	-	-	-	-	-	-	-	6,126	-	6,126
Travel and transportation	708	1,937	-	-	1,526	1,107	-	5,278	-	-	5,278
Education/Training/Outreach	3,372	-	-	-	-	-	-	3,372	1,797	-	5,169
Relocation	3,746	522	405	47	148	-	75	4,943	-	-	4,943
Insurance	-	-	-	-	-	-	-	-	3,782	-	3,782
Printing and reproduction	-	-	-	-	-	-	-	-	2,346	-	2,346
Educational materials	1,296	731	-	-	-	-	-	2,027	9	-	2,036
Staff professional training	1,168	-	-	-	-	-	-	1,168	645	-	1,813
Bank service charges	-	-	-	-	-	-	-	-	325	1,473	1,798
Book expenses	1,466	-	-	-	-	-	40	1,506	-	-	1,506
Postage and delivery	-	24	-	-	-	17	-	41	1,038	387	1,466
Meals & events	-	-	-	-	-	-	-	-	1,348	-	1,348
Dues and licenses	501	-	-	-	-	-	-	501	291	-	792
In-kind expenses	-	4,717	-	-	-	50,533	-	55,250	5,959	4,723	65,932
Total Expense	<u>\$ 217,340</u>	<u>\$ 136,437</u>	<u>\$ 55,270</u>	<u>\$ 37,535</u>	<u>\$ 58,401</u>	<u>\$ 62,324</u>	<u>\$ 127,144</u>	<u>\$ 694,451</u>	<u>\$ 93,788</u>	<u>\$ 35,318</u>	<u>\$ 823,557</u>

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, 2015**

	Program							Support		Total	
	Adult Basic Education	City/County Programs	Work First Block Grant	Citizenship Initiative	SEIU	AmeriCorp	Other Programs	Total Program Services	Management & General	Fund- raising	
Salaries and wages	\$ 77,577	\$ 60,934	\$ 25,035	\$ 22,392	\$ 29,774	\$ -	\$ 71,532	\$ 287,244	\$ 18,750	\$ 4,506	\$ 310,500
AmeriCorp	-	-	-	-	-	13,400	-	13,400	-	-	13,400
Payroll taxes and benefits	17,279	6,182	4,911	5,613	5,110	-	10,031	49,126	2,155	510	51,791
Total payroll & related expenses	94,856	67,116	29,946	28,005	34,884	13,400	81,563	349,770	20,905	5,016	375,691
Occupancy	40,236	2,391	4,351	3,722	1,595	-	799	53,094	-	-	53,094
Contract services	-	8,549	-	-	-	-	-	8,549	10,800	8,560	27,909
Tech supplies & licenses	-	-	-	-	-	-	-	-	19,802	159	19,961
Event expenses	-	-	-	-	-	-	-	-	55	14,130	14,185
Supplies	937	540	-	60	-	-	99	1,636	7,209	31	8,876
Equipment leases & repair	-	-	-	-	-	-	-	-	8,734	-	8,734
Professional fees	-	-	-	-	-	-	-	-	6,700	-	6,700
Travel and transportation	623	1,705	-	-	1,343	974	-	4,645	-	-	4,645
Insurance	-	-	-	-	-	-	-	-	4,107	-	4,107
Telephone and internet	-	-	-	-	-	-	-	-	2,995	-	2,995
Staff professional training	1,757	-	-	-	-	-	-	1,757	970	-	2,727
Dues and licenses	1,666	-	-	-	-	-	-	1,666	968	-	2,634
Printing and reproduction	-	-	-	-	-	-	-	-	2,169	-	2,169
Meals & events	-	-	-	-	-	-	-	-	2,084	-	2,084
Bank service charges	-	-	-	-	-	-	-	-	325	1,472	1,797
Educational materials	1,064	600	-	-	-	-	-	1,664	7	-	1,671
Book expenses	1,217	-	-	-	-	-	33	1,250	-	-	1,250
Education/Training/Outreach	731	-	-	-	-	-	-	731	390	-	1,121
Postage and delivery	-	2	-	13	-	10	-	25	619	230	874
In-kind expenses	-	-	-	-	-	41,821	10,620	52,441	-	-	52,441
Other goods/services	11,143	9,659	2,641	2,815	3,722	9,975	9,993	49,948	(50,345)	397	-
Total Expense	\$ 154,230	\$ 90,562	\$ 36,938	\$ 34,615	\$ 41,544	\$ 66,180	\$ 103,107	\$ 527,176	\$ 38,494	\$ 29,995	\$ 595,665

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

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 83,924	\$ 32,482
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	8,535	-
(Increase) decrease in accounts receivable	(57,807)	4,368
(Increase) decrease in prepaid expenses	(4,170)	232
(Increase) decrease in deposits	537	-
Increase (decrease) in accounts payable	(9,221)	1,925
Increase (decrease) in accrued payroll expense	5,845	(1,681)
Increase (decrease) in straight line lease liability	27,724	-
Increase (decrease) in deferred revenue	(58,500)	43,500
Net cash provided (used) by operating activities	(3,133)	80,826
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(181,049)	-
Net cash provided (used) by investing activities	(181,049)	-
NET INCREASE (DECREASE) IN CASH	(184,182)	80,826
CASH AND CASH EQUIVALENTS, beginning of the period	400,165	319,339
CASH AND CASH EQUIVALENTS, end of the period	\$ 215,983	\$ 400,165

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.

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, 2016 and 2015, and the related statements of activities and net assets 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.

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 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 Literary Source as of June 30, 2016 and 2015, 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.

Luby & Thomson, PLLC
Certified Public Accountants
Seattle, WA
January 5, 2017

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

NOTES TO THE FINANCIAL STATEMENTS June 30, 2016 and 2015

Note 1. **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. These classes of net assets are further described as follows:

- *Unrestricted Net Assets* – Support received without donor restriction is considered unrestricted.

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

NOTES TO THE FINANCIAL STATEMENTS June 30, 2016 and 2015

Note 1. Organization and Significant Accounting Policies (continued)

- *Temporarily Restricted Net Assets* – Support received subject to donor-imposed time restrictions or stipulations for a particular purpose is considered temporarily restricted. When donor time restrictions expire or when donor program restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.
- *Permanently Restricted Net Assets* – Support received in the form of endowment or sustaining funds is considered permanently restricted. The principal of permanently restricted contributions is restricted in perpetuity and the income is utilized for the purposes specified by the donor.

The Organization has no permanently restricted net assets.

Cash and cash equivalents: For purposes of the statements of financial position and cash flows, the Organization considers all highly liquid investments, which are readily convertible into known amounts of cash, have a maturity of three months or less, and have no temporary or permanent restrictions to be cash equivalents.

Concentrations of Credit Risk: The Organization maintains its cash accounts in financial institutions in Seattle, Washington. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. There were no uninsured balances at June 30, 2016 or June 30, 2015.

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

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

NOTES TO THE FINANCIAL STATEMENTS June 30, 2016 and 2015

Note 1. **Organization and Significant Accounting Policies (continued)**

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 \$2,000 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.

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.

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016 and 2015

Note 1. Organization and Significant Accounting Policies (continued)

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, and has determined there are no uncertain tax positions for those years. The accompanying financial statements contain no interest or penalties with respect to federal income taxes for the years ended June 30, 2016 and 2015, respectively.

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 ended June 30, 2016 and 2015, respectively.

Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 consist of funds restricted by the donors to fund student success and capacity building. As of June 30, 2016 and 2015, these temporarily restricted funds totaled \$19,124 and \$5,163, respectively.

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016 and 2015

Note 3. Operating Leases

The Organization moved locations within the Seattle area from the Fremont area to Lake City. The rental lease for the Lake City space was for five years, which commenced on November 1, 2015. The lease included a free rent period and escalating rents. Straight line lease liability is included in the balance sheet and is being amortized over the life of the lease. Future minimum payments under this lease are as follows for the years ended June 30:

2017	70,280
2018	72,392
2019	74,560
2020	76,800
2021	<u>25,852</u>
	<u>\$ 319,884</u>

The original rental lease term for the Fremont office was five years, which commenced on June 2007 and was extended for three years in June 2012. The lease was extended again through December 2015. During 2016 the lease continued on a month to month basis until the Organization vacated the space in April 2016.

Rent expense was \$83,105 and \$50,102 for the years ended June 30, 2016 and 2015, respectively.

Note 4. Economic Dependence

The Washington State Board of Community and Technical Colleges provided approximately 13% and 19% of the total support and revenue for the years ended June 30, 2016 and 2015, respectively.

Note 5. 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 \$65,933 and \$52,441 in AmeriCorps services and computer technical support for the years ended June 31, 2016 and 2015, respectively.

LITERACY SOURCE, A COMMUNITY LEARNING CENTER

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016 and 2015

Note 6. Retirement Plan

The Organization sponsors a 403(b) retirement plan for eligible employees. Under the Plan, the Organization matches employee contributions up to 3% of gross salary for eligible employees. Employer contributions totaled \$7,785 and \$4,873 for the years ended June 30, 2016 and 2015, respectively.

Note 7. Reclassifications

Certain amounts from the June 30, 2015 financial statements were reclassified to conform to the current year presentation. These reclassifications have no impact on net income as previously stated.

Note 8. Subsequent Events

Literacy Source has evaluated subsequent events through the date these financial statements were available to be issued on January 5, 2017.