Audited Financial Statements

CHRYSALIS

a nonprofit organization Changing Lives Through Jobs

December 31, 2016 and 2015

Quigley & Miron

Chrysalis Center
Audited Financial Statements
Table of Contents
December 31, 2016 and 2015

Quigley & Miron

Certified Public Accountants

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report

Board of Directors
Chrysalis Center
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying statements of financial position of Chrysalis Center (Organization), a nonprofit organization, as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, 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, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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 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 Chrysalis Center as of December 31, 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.

Quigley & Miron

Los Angeles, California
September 5, 2017

Chrysalis Center
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	$ 835,405	$ 1,356,552
Investments—Note 2	346,215	
Grants receivable	550,608	285,194
Accounts receivable, net—Note 4	1,527,227	1,547,557
Prepaid expenses	264,903	133,181
Total Current Assets	**3,524,358**	**3,322,484**
Non-Current Assets		
Deposits	91,177	53,012
Property and equipment, net—Note 5	4,054,855	4,247,098
Total Non-Current Assets	**4,146,032**	**4,300,110**
Total Assets	**$ 7,670,390**	**$ 7,622,594**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 50,743	$ 98,827
Accrued expenses	327,343	296,663
Deferred revenue	61,538	71,795
Total Liabilities	**439,624**	**467,285**
Commitments—Note 7		
Net Assets		
Unrestricted		
Undesignated	3,513,859	3,387,222
Board-designated Reserve and Capital Improvement Fund—Note 8	1,199,776	1,203,043
Total Unrestricted Net Assets	**4,713,635**	**4,590,265**
Temporarily restricted—Note 9	2,517,131	2,565,044
Total Net Assets	**7,230,766**	**7,155,309**
Total Liabilities and Net Assets	**$ 7,670,390**	**$ 7,622,594**

Chrysalis Center
Statement of Activities
Year Ended December 31, 2016

	Unrestricted				
	Undesignated	**Board-Designated**	**Total**	**Temporarily Restricted**	**Total**
Public Support					
Contributions	$ 1,466,423	$	$ 1,466,423	$	$ 1,466,423
Foundations and corporations	1,652,724		1,652,724	469,000	2,121,724
Governmental agencies	1,010,719		1,010,719	291,594	1,302,313
Special events, net—Note 10	1,159,912		1,159,912		1,159,912
Total Public Support	**5,289,778**		**5,289,778**	**760,594**	**6,050,372**
Revenue					
Chrysalis Enterprises	8,230,027		8,230,027		8,230,027
Interest and dividend income		2,005	2,005		2,005
Loss on investments		(5,272)	(5,272)		(5,272)
Total Revenue	**8,230,027**	**(3,267)**	**8,226,760**		**8,226,760**
Reclassifications					
Net assets released from restrictions	808,507		808,507	(808,507)	
Total Reclassifications	**808,507**		**808,507**	**(808,507)**	
Total Public Support, Revenue, and Net Assets After Reclassifications	**14,328,312**	**(3,267)**	**14,325,045**	**(47,913)**	**14,277,132**
Expenses					
Program services					
Employment	3,826,836		3,826,836		3,826,836
Chrysalis Enterprises	8,834,239		8,834,239		8,834,239
Total Program Services	**12,661,075**		**12,661,075**		**12,661,075**
Supporting services					
Management and general	580,261		580,261		580,261
Fundraising	960,339		960,339		960,339
Total Supporting Services	**1,540,600**		**1,540,600**		**1,540,600**
Total Expenses	**14,201,675**		**14,201,675**		**14,201,675**
Change in Net Assets	**126,637**	**(3,267)**	**123,370**	**(47,913)**	**75,457**
Net Assets at Beginning of Year	**3,387,222**	**1,203,043**	**4,590,265**	**2,565,044**	**7,155,309**
Net Assets at End of Year	**$ 3,513,859**	**$ 1,199,776**	**$ 4,713,635**	**$ 2,517,131**	**$ 7,230,766**

See notes to financial statements.

Chrysalis Center
Statement of Activities
Year Ended December 31, 2015

	Unrestricted				
	Undesignated	**Board-Designated**	**Total**	**Temporarily Restricted**	**Total**
Public Support					
Contributions	$ 2,076,333	$	$ 2,076,333	$	$ 2,076,333
Foundations and corporations	1,136,823		1,136,823	140,000	1,276,823
Governmental agencies	702,067		702,067	357,507	1,059,574
Special events, net—Note 10	1,006,397		1,006,397		1,006,397
Total Public Support	**4,921,620**		**4,921,620**	**497,507**	**5,419,127**
Revenue					
Chrysalis Enterprises	6,970,160		6,970,160		6,970,160
Interest income		459	459		459
Total Revenue	**6,970,160**	**459**	**6,970,619**		**6,970,619**
Reclassifications					
Net assets released from restrictions	869,043		869,043	(869,043)	
Transfers to board-designated net assets—Note 8	(101,000)	101,000			
Total Reclassifications	**768,043**	**101,000**	**869,043**	**(869,043)**	
Total Public Support, Revenue, and Net Assets After Reclassifications	**12,659,823**	**101,459**	**12,761,282**	**(371,536)**	**12,389,746**
Expenses					
Program services					
Employment	3,570,950		3,570,950		3,570,950
Chrysalis Enterprises	7,499,198		7,499,198		7,499,198
Total Program Services	**11,070,148**		**11,070,148**		**11,070,148**
Supporting services					
Management and general	410,281		410,281		410,281
Fundraising	896,033		896,033		896,033
Total Supporting Services	**1,306,314**		**1,306,314**		**1,306,314**
Total Expenses	**12,376,462**		**12,376,462**		**12,376,462**
Change in Net Assets	**283,361**	**101,459**	**384,820**	**(371,536)**	**13,284**
Net Assets at Beginning of Year	**3,103,861**	**1,101,584**	**4,205,445**	**2,936,580**	**7,142,025**
Net Assets at End of Year	**$ 3,387,222**	**$ 1,203,043**	**$ 4,590,265**	**$ 2,565,044**	**$ 7,155,309**

See notes to financial statements.

Chrysalis Center
Statements of Functional Expenses
Years Ended December 31, 2016 and 2015

	Program Services			Supporting Services			
	Employment	Chrysalis Enterprises	Total	Management and General	Fundraising	Total	Total
2016:							
Payroll and related	$ 2,253,568	$ 1,683,788	$ 3,937,356	$ 355,300	$ 753,474	$ 1,108,774	$ 5,046,130
Chrysalis Enterprises labor and related		6,793,984	6,793,984				6,793,984
Facilities	376,232	78,515	454,747	33,491	33,389	66,880	521,627
Client services	361,359	29,761	391,120	653	785	1,438	392,558
Depreciation	280,619	52,264	332,883	16,416	23,331	39,747	372,630
Utilities and insurance	204,145	58,763	262,908	30,677	28,138	58,815	321,723
Professional fees	17,289	13,209	30,498	80,401	24,019	104,420	134,918
Publicity, travel, and entertainment	37,851	21,155	59,006	6,551	7,065	13,616	72,622
Postage and mailings	7,014	4,267	11,281	827	33,390	34,217	45,498
Other operating expenses	288,759	98,533	387,292	55,945	56,748	112,693	499,985
Total Expenses	**$ 3,826,836**	**$ 8,834,239**	**$ 12,661,075**	**$ 580,261**	**$ 960,339**	**$ 1,540,600**	**$ 14,201,675**
Percentage of Total Expenses	**27%**	**62%**	**89%**	**4%**	**7%**	**11%**	**100%**

	Program Services			Supporting Services			
	Employment	Chrysalis Enterprises	Total	Management and General	Fundraising	Total	Total
2015:							
Payroll and related	$ 1,994,105	$ 1,503,275	$ 3,497,380	$ 285,379	$ 694,663	$ 980,042	$ 4,477,422
Chrysalis Enterprises labor and related		5,611,424	5,611,424				5,611,424
Facilities	348,709	75,751	424,460	22,881	27,594	50,475	474,935
Client services	420,599	25,920	446,519				446,519
Depreciation	272,906	54,152	327,058	10,459	22,637	33,096	360,154
Utilities and insurance	158,743	56,549	215,292	21,195	19,627	40,822	256,114
Professional fees	52,664	51,947	104,611	30,280	31,885	62,165	166,776
Publicity, travel, and entertainment	26,992	17,515	44,507	5,199	11,322	16,521	61,028
Postage and mailings	7,414	7,723	15,137	225	37,842	38,067	53,204
Other operating expenses	288,818	94,942	383,760	34,663	50,463	85,126	468,886
Total Expenses	**$ 3,570,950**	**$ 7,499,198**	**$ 11,070,148**	**$ 410,281**	**$ 896,033**	**$ 1,306,314**	**$ 12,376,462**
Percentage of Total Expenses	**29%**	**61%**	**90%**	**3%**	**7%**	**10%**	**100%**

See notes to financial statements.

Chrysalis Center
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 75,457	$ 13,284
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	372,630	360,154
Loss on investments	5,271	
Changes in operating assets and liabilities:		
Transfers to board-designated net assets		(101,000)
Grants receivable	(265,414)	(43,474)
Accounts receivable, net	20,330	(391,587)
Prepaid expenses	(131,722)	(27,494)
Deposits	(38,165)	(17,620)
Accounts payable	(48,084)	(43,892)
Accrued expenses	30,680	(6,232)
Deferred revenue	(10,257)	(10,257)
Net Cash Provided by (Used in) Operating Activities	**10,726**	**(268,118)**
Cash Flows from Investing Activities		
Purchases of investments	(351,486)	
Purchases of property and equipment	(180,387)	(3,466)
Net Cash Used in Investing Activities	**(531,873)**	**(3,466)**
Cash Flows from Financing Activities		
Transfers to board-designated net assets		101,000
Net Cash Provided by Financing Activities		**101,000**
Decrease in Cash and Cash Equivalents	**(521,147)**	**(170,584)**
Cash and Cash Equivalents at Beginning of Year	**1,356,552**	**1,527,136**
Cash and Cash Equivalents at End of Year	**$ 835,405**	**$ 1,356,552**
Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	$	$
Interest on lines of credit	$	$

Note 1—Nature of Activities and Significant Accounting Policies

Nature of Activities—The Chrysalis Center (Organization) is a California non-profit corporation, established in 1985, dedicated to creating a pathway to self-sufficiency for homeless and low income individuals by providing the resources and support needed to find and retain employment. The Organization operates centers in Downtown Los Angeles, Santa Monica, and the northeast San Fernando Valley. Program services offered by the Organization consist of the following:

The Employment Program offers a curriculum of job search classes, case management, resume and interview preparation, the use of phone and computer facilities, and clothing and transportation resources.

Chrysalis Enterprises is a division of the Organization that provides transitional employment programs through operating social enterprises. Chrysalis Works is a social enterprise that contracts with Business Improvement Districts for street maintenance. Chrysalis Staffing is a temporary staffing agency that provides experience and temp-to-perm opportunities for work-ready clients. Chrysalis Roads is a contract with the Los Angeles Mayor's Office of Reentry that provides formally incarcerated individuals transitional employment with the California Department of Transportation (Caltrans) and other services to help them obtain permanent employment.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization recognizes public and private grants as revenue in the period awarded. Corporate contributions and donations from individuals are recognized when received. Chrysalis Enterprises' revenue is recognized when earned. 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, at any time, 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. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. Temporarily restricted net assets at December 31, 2016 and 2015 consisted of amounts restricted to funding specific expenses in future periods.

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. The Organization had no permanently restricted net assets at December 31, 2016 and 2015.

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Income Taxes—Chrysalis Center is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Accordingly, no provision for income taxes is included in the financial statements. 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 concluded that a provision for a tax liability was not necessary at December 31, 2016 and 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.

Government Grants and Contracts—Revenues from government grants and contracts are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Cash and Cash Equivalents—The Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are stated at fair value and held by an independent asset custodian. The asset allocation is managed by an investment committee in accordance with the Organization's investment policy. All investment related activity is unrestricted in nature.

Grants Receivable—Grants receivable that are expected to be collected within one year are recorded at net realizable value upon receipt of the award. Grants receivable that are expected to be collected in future years are recorded at fair value at the time of the award. The Organization measures fair value of grants receivable in more than one year as the present value of expected future cash flows. Amortization of the associated discount is included in grants revenue. Management provides for probable uncollectible amounts based on its assessment of recent collection history and current donor relationships. Conditional grants are not included as support until the conditions on which they depend are substantially met.

Accounts Receivable—Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Property and Equipment—Property and equipment are stated at cost when purchased, or at estimated fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the related asset, as follows:

Furniture	5 years
Office equipment	7 years
Computer equipment	3 years
Vehicles	5 years
Leasehold improvements	5 years or term of lease (whichever is longer)
Buildings and improvements	40 years

It is the Organization's policy to expense items under $5,000.

Concentrations of Credit Risk—The Organization maintains cash balances at a high quality financial institution, American Business Bank, where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. In the normal course of business, such cash balances are in excess of the FDIC insurance limits, but management deems the risk of loss due to these concentrations to be minimal. Grants receivable are principally with local foundations and government agencies. Accounts receivable are principally with local corporations, business improvement districts and government agencies. Collection losses related to receivables have historically been immaterial, but management has concluded that, based on its review of balances outstanding, a valuation allowance from selected receivable balances is appropriate.

The Organization's investments are supervised by the investment committee of the Board of Directors. In accordance with the Organization's Board-approved investment policy, the committee determines the composition of the investment portfolio. Management of the Organization has assessed the credit risk associated with its financial instruments held at December 31, 2016, and has determined that an allowance for potential losses due to credit risk is not necessary.

Fair Value of Financial Instruments—Financial instruments consist of cash and cash equivalents, receivables and investments. The carrying amounts of cash and cash equivalents and receivables are equal to the fair market value. The carrying amount of investments is fair market value, based upon publicly quoted market prices for these or similar investments.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Functional expenses have been allocated between program services, management and general, and fundraising expenses, based on an analysis of personnel time utilized for the related activities.

Donated Services—Donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under generally accepted accounting principles. However, a substantial number of volunteers have donated a significant number of hours devoted to the Organization's program services, management and general, and fundraising activities.

Note 1—Nature of Activities and 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications—Certain 2015 amounts have been reclassified to conform with the 2016 financial statement presentation.

Note 2—Investments

Investments at December 31, 2016 consist of the following:

	Cost	Fair Value
Fixed income mutual funds	**$ 351,486**	**$ 346,215**

There were no investments held at December 31, 2015.

Note 3—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, obtained either directly or indirectly, 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 it entirety.

Note 3—Fair Value Measurements—Continued

At December 31, 2016, assets and liabilities carried at fair value consist of investments, valued using end of day market prices that are considered Level 1 inputs.

In the normal course of business, the Organization reviews and may revise its asset allocation.

Note 4—Accounts Receivable, Net

Accounts receivable, net consists of the following at December 31, 2016 and 2015:

	2016	2015
Chrysalis Enterprises		
Chrysalis Staffing	$ 315,816	$ 257,888
Chrysalis Works	722,527	967,485
Chrysalis Roads	122,248	
Non-Chrysalis Enterprises	376,636	332,184
	1,537,227	1,557,557
Less allowance for uncollectible accounts	(10,000)	(10,000)
Net	**$ 1,527,227**	**$ 1,547,557**

Note 5—Property and Equipment, Net

Net property and equipment consist of the following at December 31, 2016 and 2015:

	2016	2015
Land	$ 1,300,000	$ 1,300,000
Building and improvements	652,878	653,705
Furniture and equipment	149,233	110,675
Leasehold improvements	3,415,233	3,277,410
Vehicles	30,283	30,283
Construction in progress	4,833	
	5,552,460	5,372,073
Less accumulated depreciation	(1,497,605)	(1,124,975)
Net	**$ 4,054,855**	**$ 4,247,098**

Note 6—Lines of Credit

In November 2009, the Organization negotiated a bank line of credit at American Business Bank that provided a maximum of $500,000 and was secured by the Organization's real and personal property. The borrowing bore interest at 3.75%, payable monthly, as of the date of negotiation and was indexed at the bank's reference rate plus 0.50%. In October 2013, the Organization renegotiated this bank line of credit, increasing the maximum borrowing amount to $1,000,000. The new line of credit bears interest at 3.25% as of the date of negotiation and is indexed at the bank's reference rate. Interest is payable monthly and the loan matures on October 1, 2018. As of December 31, 2016, the Organization had not drawn any funds on the line since the loan's inception and paid no interest during the years ended December 31, 2016 and 2015.

In November 2016, the Organization negotiated an additional bank line of credit at American Business Bank that provided a maximum of $600,000 and was secured by the Organization's real and personal property. The borrowing bears an initial interest rate of 3.5%, payable monthly, as of the date of negotiation, and is variably indexed at the bank's reference rate. The loan matures on December 15, 2017. As of December 31, 2016, the Organization had not drawn any funds on the line since the loan's inception and paid no interest during the year ended December 31, 2016.

Note 7—Commitments

The Organization rents office space in downtown Los Angeles and the San Fernando Valley under non-cancelable operating leases. Additionally, the Organization is a party to twelve non-cancelable operating equipment lease agreements. Future minimum rental payments due on all operating leases with remaining terms of one year or more, by year, are as follows:

Year Ending December 31,		
2017	$	487,324
2018		492,149
2019		425,230
2020		325,185
2021		327,573
Thereafter		520,679
Total	**$**	**2,578,140**

Rental expense related to the above leases for the years ended December 31, 2016 and 2015 was approximately $370,000 and $350,000, respectively.

Note 8—Board-Designated Net Assets

Board-designated net assets are voluntary, board-approved segregations of unrestricted net assets for specific purposes, projects or investments.

The Reserve and Capital Improvement Fund is to be used for major capital investments or other extraordinary purposes, such as supporting programs that have been impacted by unanticipated funding reductions. It may also be tapped as a short-term line of credit to address temporary, unanticipated cash flow needs. The Board of Directors may decide, at its discretion, to designate additional funds to the Reserve and Capital Improvement Fund based on the Organization's surplus cash position and projected cash needs.

During the year ended December 31, 2016 no amounts were designated to or released from the Fund. During the year ended December 31, 2015 the Board approved designations to the Fund of $101,000. At December 31, 2016 and 2015, the total of the Fund, including interest and dividend income and investment gains and losses, was $1,199,765 and $1,203,043, respectively.

Note 9—Temporarily Restricted Net Assets

For contributions that have been temporarily restricted by donors for major capital projects, the Organization's Board of Directors has adopted the policy of reclassifying these restricted contributions to unrestricted net assets over the depreciable life of the capital project.

During the period from 2011 through 2013, the Organization raised $1,869,231 for leasehold improvements to its Downtown Los Angeles facilities. Construction began in 2012, and was completed in 2013. In 2013, in accordance with its policy regarding contributions restricted to capital projects, the Organization began to release the related temporarily restricted contributions for this project to unrestricted net assets, over the 117 months of the remaining estimated life of the leasehold improvements. During the years ended December 31, 2016 and 2015, net assets released from temporary restrictions related to this capital project totaled $207,692 each year, respectively.

During the period from 2013 through 2014, the Organization raised $956,500 for leasehold improvements to its San Fernando Valley facilities. Construction began in 2013 and was completed in 2014. In 2014, in accordance with its policy regarding contributions restricted to capital projects, the Organization began to release the related temporarily restricted contributions for this project to unrestricted net assets over the 117 months of the remaining estimated life of the leasehold improvements. During the years ended December 31, 2016 and 2015, net assets released from temporary restrictions related to this capital project totaled $98,109 each year, respectively.

The reclassifications of restricted contributions to unrestricted net assets over the depreciable life of the Downtown Los Angeles and San Fernando Valley capital projects are reported on the statement of activities as net assets released from restrictions.

Note 9—Temporarily Restricted Net Assets—Continued

Temporarily restricted net assets at December 31, 2016 and 2015 consist of the following:

	2016	2015
Capital projects	$ 2,064,760	$ 2,279,535
Program services support	452,371	285,509
Totals	**$ 2,517,131**	**$ 2,565,044**

Note 10—Special Events, Net

Net special events income for the years ended December 31, 2016 and 2015, consists of the following:

	Income	Less Related Expenses	Net
2016:			
Butterfly Ball	$ 1,463,119	$ (356,580)	$ 1,106,539
Fall Event	85,945	(32,572)	53,373
Totals	**$ 1,549,064**	**$ (389,152)**	**$ 1,159,912**
2015:			
Butterfly Ball **Totals**	**$ 1,369,644**	**$ (363,247)**	**$ 1,006,397**

Total fundraising expenses for the years ended December 31, 2016 and 2015 consist of the following:

	2016	2015
Fundraising expenses per statement of functional expenses	$ 960,339	$ 896,033
Special event expenses	389,152	363,247
Totals	**$ 1,349,491**	**$ 1,259,280**

Expenses, including special events expenses, amounted to $14,590,827 and $12,739,709, for the years ended December 31, 2016 and 2015, respectively.

Note 11—Subsequent Events

Management evaluated all activities of Chrysalis Center through September 5, 2017, which is the date the financial statements were available to be issued, and concluded that no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.