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CALIFORNIA EMERGING
TECHNOLOGY FUND

(A California Not-for-Profit Public Benefit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2014 AND JUNE 30, 2013

RINA

accountancy corporation

CALIFORNIA EMERGING TECHNOLOGY FUND

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JUNE 30, 2014 AND 2013

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Independent Auditors' Report

The Board of Directors
California Emerging Technology Fund

We have audited the accompanying financial statements of California Emerging Technology Fund (a California not-for-profit public benefit corporation) which comprise the statement of financial position as of June 30, 2014 and June 30, 2013, 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; 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 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 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 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 California Emerging Technology Fund as of June 30, 2014 and June 30, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rina Accountancy Corporation

Certified Public Accountants

San Francisco, California
October 28, 2014

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30, 2014	June 30, 2013
CURRENT:		
Cash and cash equivalents	$ 3,799,657	$ 3,586,934
Investments	16,476,546	22,550,233
Prepaid expenses	36,922	21,684
Other receivable	3,103	559
TOTAL CURRENT ASSETS	20,316,228	26,159,410
PROPERTY AND EQUIPMENT, net	3,796	1,145
	$ 20,320,024	$ 26,160,555
LIABILITIES AND NET ASSETS		
CURRENT:		
Accounts payable and accrued expenses	$ 74,603	$ 104,233
Grants payable - short term	3,549,750	2,485,100
TOTAL CURRENT LIABILITIES	3,624,353	2,589,333
Grants payable - long term	1,801,100	1,573,351
TOTAL LIABILITIES	5,425,453	4,162,684
NET ASSETS:		
Unrestricted	5,452,798	5,876,517
Temporarily restricted	9,441,773	16,121,354
Permanently restricted	-	-
TOTAL NET ASSETS	14,894,571	21,997,871
	$ 20,320,024	$ 26,160,555

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF ACTIVITIES

	For the Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Non federal grants	$ -	$ -	$ -	$ -
Investment income	39,062	-	-	39,062
Other miscellaneous income	30,675	-	-	30,675
Net assets released from restrictions	6,679,581	(6,679,581)	-	-
TOTAL SUPPORT AND REVENUE	6,749,318	(6,679,581)	-	69,737
EXPENSES:				
Program services	6,679,581	-	-	6,679,581
Management and general	493,456	-	-	493,456
TOTAL EXPENSES	7,173,037	-	-	7,173,037
DECREASE IN NET ASSETS	(423,719)	(6,679,581)	-	(7,103,300)
NET ASSETS, beginning of year	5,876,517	16,121,354	-	21,997,871
NET ASSETS, end of year	$ 5,452,798	$ 9,441,773	$ -	$ 14,894,571

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF ACTIVITIES

	For the Year Ended June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Non federal grants	$ -	$ 25,369	$ -	$ 25,369
Federal grants	-	1,598,225	-	1,598,225
Investment income	3,503	-	-	3,503
Other miscellaneous income	-	-	-	-
Net assets released from restrictions	8,612,996	(8,612,996)	-	-
TOTAL SUPPORT AND REVENUE	8,616,499	(6,989,402)	-	1,627,097
EXPENSES:				
Program services	8,612,996	-	-	8,612,996
Management and general	479,045	-	-	479,045
TOTAL EXPENSES	9,092,041	-	-	9,092,041
DECREASE IN NET ASSETS	(475,542)	(6,989,402)	-	(7,464,944)
NET ASSETS, beginning of year	6,352,059	23,110,756	-	29,462,815
NET ASSETS, end of year	$ 5,876,517	$ 16,121,354	$ -	$ 21,997,871

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

	Program Services	Management and General	Total
Personnel costs:			
Salaries and other compensation	$ 1,268,336	$ 223,824	$ 1,492,160
Employee benefits	139,478	24,614	164,092
Employee retirement	117,096	20,664	137,760
Payroll taxes	80,271	14,165	94,436
Vacation liability expense	2,848	503	3,351
Total personnel costs	1,608,029	283,770	1,891,799
Other expenses:			
Grant awards	3,908,000	-	3,908,000
School2Home	576,088	-	576,088
Consultants and outside services	301,259	-	301,259
Media relations and communications	147,302	-	147,302
Professional services	-	129,176	129,176
Occupancy	69,301	12,230	81,531
Board leadership and meetings	-	56,646	56,646
Telephone	25,266	4,459	29,725
Information technology	29,344	-	29,344
Insurance	15,630	2,758	18,388
Printing and reproduction	9,672	1,707	11,379
Equipment lease and maintenance	5,375	949	6,324
Regional roundtables and outreach	5,246	-	5,246
Postage and delivery services	3,794	669	4,463
Other	1,875	-	1,875
Depreciation	325	57	382
Grants rescinded	(32,794)	-	(32,794)
Miscellaneous	5,868	1,036	6,904
Total expenses	$ 6,679,581	$ 493,456	$ 7,173,037

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

	Program Services	Management and General	Total
Personnel costs:			
Salaries and other compensation	$ 1,275,976	$ 225,172	$ 1,501,148
Employee benefits	139,745	24,661	164,406
Employee retirement	134,681	23,767	158,448
Payroll taxes	77,434	13,665	91,099
Vacation liability expense	(7,314)	(1,291)	(8,605)
Total personnel costs	1,620,522	285,974	1,906,496
Other Expenses:			
Grant awards	4,037,684	-	4,037,684
School2Home	656,687	-	656,687
Consultants and outside services	384,007	-	384,007
Media relations and communications	117,395	-	117,395
Professional services	-	96,227	96,227
Occupancy	62,529	11,035	73,564
Board leadership and meetings	-	70,717	70,717
Telephone	24,317	4,291	28,608
Information technology	25,644	-	25,644
Insurance	24,132	4,259	28,391
Printing and reproduction	7,283	1,285	8,568
Equipment lease and maintenance	4,656	822	5,478
Regional roundtables and outreach	24,952	-	24,952
Postage and delivery services	4,153	733	4,886
Depreciation	9,342	1,649	10,991
BAA	575,316	-	575,316
ACT	1,052,265	-	1,052,265
Grant rescinded	(29,524)	-	(29,524)
Miscellaneous	11,635	2,053	13,688
Total expenses	$ 8,612,996	$ 479,045	$ 9,092,041

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2014		Year Ended June 30, 2013	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets		$ (7,103,300)		$ (7,464,944)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:				
Depreciation expense	$ 382		$ 10,990	
Realized gains on sale of investments	279,948		(18,721)	
Unrealized loss on investments	285,792		480,326	
Changes in operating assets and liabilities:				
Prepaid expenses	(15,239)		11,176	
Other receivable	(2,544)		(559)	
Accounts payable and accrued expenses	(29,629)		(402,103)	
Federal grant advances	-		54,669	
Grants payable	1,292,399	1,811,109	2,192,524	2,328,302
NET CASH USED BY OPERATING ACTIVITIES		(5,292,191)		(5,136,642)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	(3,033)		(1,144)	
Proceeds from sale of marketable securities	17,410,320		4,375,092	
Purchases of marketable securities	(11,902,373)		(1,547,117)	
NET CASH PROVIDED BY INVESTING ACTIVITIES		5,504,914		2,826,831
CASH FLOWS FROM FINANCING ACTIVITIES		-		-
NET INCREASE (DECREASE) IN CASH		212,723		(2,309,811)
CASH AND CASH EQUIVALENTS, beginning of year		3,586,934		5,896,745
CASH AND CASH EQUIVALENTS, end of year		$ 3,799,657		$ 3,586,934

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2014 AND JUNE 30, 2013

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of business:

The California Emerging Technology Fund (CETF) was established and funded through the SBC/AT&T and Verizon/MCI merger agreements approved by the California Public Utilities Commission (CPUC) in November 2005 to help bridge the Digital Divide. It became a qualified public benefit entity in May 2006.

As a condition of approval of the mergers, CPUC required the surviving companies, AT&T and Verizon, to collectively provide a total of $60 million over a 5-year period to CETF in shareholder contributions "for the purpose of achieving ubiquitous access to broadband and advanced services in California, particularly in underserved communities, through the use of emerging technologies by 2010". AT&T and Verizon are required to contribute $9 million and $3 million each per year, respectively. Funds dedicated to CETF will be used to attract matching funds in like amounts from other organizations.

The stated mission of CETF is to provide leadership statewide to minimize the Digital Divide by accelerating the deployment and adoption of broadband and other advanced communication services to un-served and underserved communities. These tasks and initiatives will be accomplished by making investments in programs and projects to improve access, applications, affordability, accessibility and assistance to broadband - the "5As" of the Digital Divide - while utilizing its core paradigm of Communicate, Connect and Compete.

The initial priority consumer communities for project focus are:

- Rural communities that lack the broadband infrastructure.
- Urban poor and disadvantaged communities that lack the computers and affordable connections to the Internet with relevant applications.
- Disabled populations that lack technology accessibility.

Financial statement presentation:

Professional accounting standards require CETF 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. A description of the three net asset categories follows:

Unrestricted net assets:

The portion of net assets that is neither temporarily restricted nor permanently restricted by donor imposed stipulations.

Temporarily restricted net assets:

The portion of net assets whose use by CETF is limited by donor imposed stipulations that either will be fulfilled or expire by passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All assets that were released from restriction were utilized in the organizations mission to minimize the digital divide. The temporarily restricted fund balance at June 30, 2014 and June 30, 2013 is held for the purpose of increasing access to broadband services.

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Financial statement presentation (continued):

Permanently restricted net assets:

The portion of net assets whose use by CETF is limited by donor imposed stipulations that the net assets are held in perpetuity and its income be used for the stipulated purposes. Generally, the donors of these assets permit CETF to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2014 and 2013.

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 America. Under this method, revenues are recorded when rights to receive them are earned, or when services have been provided, and expenditures are recorded when an obligation to pay is incurred.

Revenue recognition:

Contribution income is recognized when there is an unconditional promise to give. Revenues are reported as increases in unrestricted net assets unless their use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Appreciation or depreciation in market value of investments and gains and losses on other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions. Grant income is recognized when the service is provided and conditions are satisfied.

Cash and cash equivalents:

CETF considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments:

CETF reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Realized gains and losses on sales of securities are determined on the specific-identification method.

CETF invests in U.S. treasury bills, fixed income securities, and mutual funds. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Professional accounting standards establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Investments (continued):

The three levels of the fair value hierarchy under professional accounting standards are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

Contributions and unconditional promises to give:

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions to be received after one year are presented at their discounted value.

A substantial number of unpaid volunteers and board of director members have made significant contributions of their time and other resources to support CETF's activities. The value of these services is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Property and equipment:

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful life. Major additions are capitalized, and repair and maintenance that do not improve or extend the life of the assets are expensed.

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Grant commitments and payments:

CETF made grant commitments of approximately $3.9 million (2014) and $4.5 million (2013) out of the total cumulative board-approved grants of $26.9. Board-approved grant solicitation requests are not recognized as liabilities until management concludes due diligence and suitability analysis and then executes grant agreements evidencing the commitments. Total grant payments were approximately $2.6 million and $2.3 million, with the remaining commitments of $5.4 million and $4 million accrued as a liability as of June 30, 2014 and 2013, respectively. CETF requires most grant recipients to obtain matching funds. Matching funds of approximately $6 million and $3.2 million were secured during the years ended June 30, 2014 and 2013, respectively.

During fiscal year 2014, partial amount granted to CSU Chico Research Foundation was returned to CETF upon completion of the project in which grant funds were not fully expended. This amount totaled $32,794.

Functional allocation of expenses:

Costs of providing programs and other activities are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated to the programs and supporting services by a method which best measured the relative degree of benefit. Accordingly, certain costs have been allocated between the program and supporting services in reasonable ratios determined by management.

Contingent liabilities:

Conditions contained within various contracts and grants awarded to CETF are subject to the funding organizations' criteria and regulations, as well as CPUC enabling order, under which expenditures may be charged against and may be subject to audits under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the contracts or grant awards may not comply with the established criteria that govern them. In such cases, CETF could be held responsible for payments to the funding organizations and/or oversight public agencies for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts administered and/or grants received and/or awarded during the audit period.

Income tax status:

CETF is a not-for-profit organization, exempt from income tax under Section 501(c)(3) and the applicable code section of the State of California Revenue and Taxation Code. In addition, CETF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the U.S. Internal Revenue Code.

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income tax status (Continued):

CETF recognizes the financial statement benefit of an uncertain tax position after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting

the threshold, no financial statement benefit is recognized. As of June 30, 2014 and June 30, 2013 CETF has had no uncertain tax positions. CETF recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. CETF's tax returns are generally subject to examination by federal and state tax authorities for three and four years respectively. CETF is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status.

Subsequent events:

Management has evaluated subsequent events through October 28, 2014, the date which the financial statements were available for issue. No significant events were identified that require additional disclosure.

Note 2. NATURE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and disclosures. Accordingly, actual results could differ from those estimates.

Note 3. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject CETF to concentrations of credit risk consist principally of cash and cash equivalents and marketable securities. Cash and cash equivalents were held in financial institutions in the United States of America. Cash and cash equivalents in interest bearing accounts were held in financial institutions in amounts exceeding the guaranteed amounts of the FDIC. Marketable securities were held by brokerage firms in amounts exceeding the guaranteed amounts of the Securities Investor Protection Corporation. CETF is exposed to credit loss for amounts in excess of insured limits in the event of non-performance by the institutions. However, management does not anticipate non-performance by these institutions and has not experienced any losses on deposits of cash and cash equivalents.

Note 4. INVESTMENTS:

The investment portfolio is managed based on guidelines established by the CETF's Board of Directors. Investments, stated at fair value, are comprised of the following:

	June 30, 2014		June 30, 2013	
	Cost	Fair Value	Cost	Fair Value
Government securities	$ 11,256,691	$ 11,431,132	$ 8,001,706	$ 8,261,141
Fixed income securities	4,970,588	5,045,414	2,204,686	2,301,900
Mutual funds	-	-	12,114,438	11,987,192
Total	$ 16,227,279	$ 16,476,546	$ 22,320,830	$ 22,550,233

Note 4. INVESTMENTS (Continued):

Investment income shown on the Statement of Activities consists of the following:

	2014	2013
Interest and dividend income	$ 657,578	$ 530,724
Realized and unrealized gains (losses) on sales of investments	(565,740)	(461,605)
Investment fees	(52,776)	(65,616)
Totals	$ 39,062	$ 3,503

Note 5. FAIR VALUE MEASUREMENTS:

The following tables sets forth by level, the fair value hierarchy, the plan's assets at fair value as of June 30, 2014 and 2013:

Assets at Fair Value as of June 30, 2014

	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Government securities	$ -	$ 11,431,132	$ -	$ 11,431,132
Fixed income	-	5,045,414		5,045,414
Total investments	$ -	$ 16,476,546	$ -	$ 16,476,546

Assets at Fair Value as of June 30, 2013

	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Government securities	$ -	$ 8,261,141	$ -	$ 8,261,141
Fixed income	-	2,301,900	-	2,301,900
Mutual funds	11,987,192	-	-	11,987,192
Total investments	$ 11,987,192	$ 10,563,041	$ -	$ 22,550,233

Note 6. PROPERTY AND EQUIPMENT:

Property and equipment and accumulated depreciation consist of the following:

	June 30, 2014	June 30, 2013
Furniture and fixtures	$ 32,347	$ 32,347
Computers	62,499	59,465
Totals	94,846	91,812
Less accumulated deprecation	(91,050)	(90,667)
	$ 3,796	$ 1,145

Note 7. RETIREMENT PLAN:

CETF has established a 401(k) retirement plan to provide eligible employees with retirement benefits. Eligible employees include all employees, except for leased and hourly paid employees. The CETF contributes 10% of active participants' compensation to the plan. For the years ended June 30, 2014 and 2013, contributions to the plan amounted to $137,760 and $158,448, respectively. It is the organization's policy to offset contributions with amounts forfeited. During the year ended June 30, 2014 and 2013, there were forfeitures of $0.

Note 8. GRANTS PAYABLE:

CETF's future grants payable are expected to be paid as follows:

Year Ending June 30,	
2015	$ 3,549,750
2016	1,553,100
2017	248,000
	$ 5,350,850

Note 9. GRANT REVENUE:

CETF's support and revenue activities for the first five years were derived primarily from corporate grants provided by AT&T and Verizon, pursuant to the CPUC merger approval Order. Final grant payments under this agreement were received during fiscal year ending June 30, 2010. Though CETF plans to leverage these corporate grants through grant-matching efforts, there are no assurances that the CETF would be successful in other fundraising initiatives and grant-matching efforts. There is no indication about the renewability of the corporate grants after the initial 5-year period. However, management has proposed, and the board has adopted a 10-year goal to close the Digital Divide within the requisite constraint of not expending more than $5 million annually of the seed grant resources for each of the remaining 5 years.

CALIFORNIA EMERGING
TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2014 AND JUNE 30, 2013

Note 10. LEASE COMMITMENTS:

CETF is a party to a five-year non-cancelable operating lease for its principal office facility located in a commercial building in San Francisco, CA. The average monthly rent is $4,825. The lease agreement expires on June 30, 2017.

Effective December 1, 2009 CETF entered into a month to month lease at the satellite office in Southern California. CETF is required to pay shared costs associated with the operation of the facility and other occupancy related common costs based on a prorated allocation formula. CETF also leases certain equipment under monthly operating leases.

CETF's future minimum rental commitments and operating lease shared costs under all such non-cancellable operating leases are approximately as follows:

Year Ending June 30,	
2015	$ 61,140
2016	61,152
2017	61,152
Total	$ 183,444

Total operating lease and facilities related expenses for the years ended June 30, 2014 and 2013 was $81,531 and $73,564 gross, respectively.