

# **THE CARTER BURDEN NETWORK**

## **Audited Financial Statements**

**June 30, 2018**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Carter Burden Network

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of The Carter Burden Network (the "Organization"), which comprise the statement of financial position as of June 30, 2018, 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***

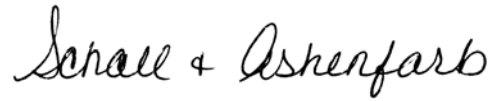
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Carter Burden Network as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Schall & Ashenfarb".

Schall & Ashenfarb  
Certified Public Accountants, LLC

November 14, 2018

**THE CARTER BURDEN NETWORK  
STATEMENT OF FINANCIAL POSITION  
AT JUNE 30, 2018**

**Assets**

Cash and cash equivalents	\$138,462
Cash - client escrow (Note 3)	5,054
Investments (Note 4)	10,106,390
Grants and contributions receivable	568,417
Program income receivable	127,594
Prepaid expenses and other assets	37,477
Investments held for endowment (Notes 4 and 8)	3,119,721
Fixed assets, net (Note 5)	901,473
Security deposit	<u>44,224</u>
Total assets	<u><u>\$15,048,812</u></u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable and accrued expenses	\$390,355
Client escrow (Note 3)	5,054
Refundable advances (Note 6)	352,022
Deferred rent	<u>55,897</u>
Total liabilities	<u><u>803,328</u></u>

Net assets:

Unrestricted	10,858,543
Temporarily restricted (Note 7)	1,322,941
Permanently restricted (Note 8)	<u>2,064,000</u>
Total net assets	<u><u>14,245,484</u></u>

Total liabilities and net assets	<u><u>\$15,048,812</u></u>
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*The attached notes and auditor's report are an integral part of these financial statements.*

**THE CARTER BURDEN NETWORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Unrestricted:				
Public support and revenue:				
Government grants	\$3,838,815			\$3,838,815
Contributions	506,629	\$182,250		688,879
Program service revenue	755,255			755,255
In-kind contributions (Note 2k)	1,765,370			1,765,370
Special event income (net of expenses with a direct benefit to donors) (Note 9)	927,232			927,232
Investment income (Note 4)	794,202	209,606		1,003,808
Released from restriction (Note 7)	456,571	(456,571)		0
	<u>9,044,074</u>	<u>(64,715)</u>	<u>0</u>	<u>8,979,359</u>
Total public support and revenue				
Expenses:				
Program services	8,251,648			8,251,648
Supporting services:				
Management and general	1,349,145			1,349,145
Fundraising	663,195			663,195
	<u>10,263,988</u>	<u>0</u>	<u>0</u>	<u>10,263,988</u>
Total expenses				
Change in net assets	(1,219,914)	(64,715)	0	(1,284,629)
Net assets - beginning of year	<u>12,078,457</u>	<u>1,387,656</u>	<u>2,064,000</u>	<u>15,530,113</u>
Net assets - end of year	<u>\$10,858,543</u>	<u>\$1,322,941</u>	<u>\$2,064,000</u>	<u>\$14,245,484</u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**THE CARTER BURDEN NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services					Supporting Services			
	Senior Centers	Social Services	Adult Day Program	Arts & Culture	Volunteer Program	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$1,293,756	\$1,012,980	\$127,623	\$177,357	\$111,535	\$2,723,251	\$636,446	\$369,600	\$3,729,297
Payroll taxes and benefits	451,674	344,874	30,008	63,403	31,686	921,645	116,628	78,015	1,116,288
Professional fees (including in-kind)(Note 2k)	220,248	115,453	26,519	83,095	2,800	448,115	191,568	140,851	780,534
Meals program expense	963,684	3,494	140			967,318			967,318
Other program expenses	87,768	31,212	1,575	64,874	3,594	189,023			189,023
Rent, utilities, and occupancy expenses	214,273	113,594	158,682	127,471		614,020	132,833		746,853
Contributed space (Note 2k)	1,761,270					1,761,270			1,761,270
Office expenses	64,684	26,750	2,407	14,090	1,639	109,570	23,060	9,210	141,840
IT and communications	53,319	23,916	12,372	5,698		95,305	12,449	2,779	110,533
Dues and subscriptions	8,037	11,152	39	574	251	20,053	814	9,167	30,034
Transportation	15,129	4,953	236	138	96	20,552	11,156	1,349	33,057
Insurance	43,370	11,751	4,406	2,880		62,407	19,410	2,050	83,867
Equipment	65,721	21,600	1,774	15,718	1,136	105,949	63,133	7,380	176,462
Indirect fundraising event expenses (Note 9)						0		33,152	33,152
Fundraising expense- direct benefit to donors (Note 9)						0		135,749	135,749
Investment fees						0	84,888		84,888
Other expenses	2,660	5,763	130	5,255	846	14,654	22,875	9,642	47,171
Bad debt expense						0	3,389		3,389
Depreciation	72,207	59,521	66,788			198,516	30,496		229,012
<b>Total expenses before direct special event expenses netted with revenue</b>	<b>5,317,800</b>	<b>1,787,013</b>	<b>432,699</b>	<b>560,553</b>	<b>153,583</b>	<b>8,251,648</b>	<b>1,349,145</b>	<b>798,944</b>	<b>10,399,737</b>
<b>Less: direct special event expenses netted with revenue</b>						<b>0</b>		<b>(135,749)</b>	<b>(135,749)</b>
<b>Total expenses</b>	<b>\$5,317,800</b>	<b>\$1,787,013</b>	<b>\$432,699</b>	<b>\$560,553</b>	<b>\$153,583</b>	<b>\$8,251,648</b>	<b>\$1,349,145</b>	<b>\$663,195</b>	<b>\$10,263,988</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

**THE CARTER BURDEN NETWORK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

Cash flows from operating activities:	
Change in net assets	(\$1,284,629)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	229,012
Net realized and unrealized gain on investments	(695,947)
Changes in assets and liabilities:	
Grants and contributions receivable	226,424
Program income receivable	13,943
Prepaid expenses and other assets	57,471
Security deposit	(255)
Accounts payable and accrued expenses	(103,564)
Refundable advances	17,673
Deferred rent	<u>13,071</u>
Total adjustments	<u>(242,172)</u>
Net cash used for operating activities	<u>(1,526,801)</u>
Cash flows from investing activities:	
Purchases of fixed assets	(306,709)
Purchases of investments (including reinvestment of dividends)	(528,643)
Sales of investments (including transfers to cash account)	<u>1,970,720</u>
Net cash provided by investing activities	<u>1,135,368</u>
Net decrease in cash and cash equivalents	(391,433)
Cash and cash equivalents - beginning of year	<u>529,895</u>
Cash and cash equivalents - end of year	<u><u>\$138,462</u></u>
Supplemental disclosure:	
Taxes and interest paid	<u><u>\$0</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**THE CARTER BURDEN NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 1 - Organization**

The Carter Burden Network (the "Organization") promotes the well-being of seniors, 60 and older, through a continuum of services, advocacy, arts and culture and volunteer programs in NYC oriented to individual, family and community needs. The Organization is dedicated to supporting the efforts of older people to live safely and with dignity. The Organization's four core service areas include: senior centers, social services, health & wellness classes, and arts programming. The Organization provides vital resources and counseling, advocacy, benefits entitlement counseling, volunteer programs such as telephone reassurance, as well as on-site congregant meals and meals delivered to the homebound.

The eleven core programs are: the Social Service Unit in which ambulatory and homebound individuals are seen; the Case Management Unit, which provides services to homebound individuals who live on the Upper East Side and in East Harlem; The Community Elder Mistreatment & Abuse Prevention Program (CEMAPP), which provides prevention awareness education and assistance to elders who are abused and who live in Manhattan; Volunteer Services, which provides a range of volunteer programs to elderly who are referred by any of the CBN programs; the Carter Burden Luncheon Club & Senior Program, a senior center that provides daily luncheon meals and activities and also prepares the home delivered meals for the Stanley Isaacs Neighborhood Center; the Roosevelt Island Senior Center, a satellite of the Carter Burden Luncheon Club; the Leonard Covello Senior Center located in East Harlem; and its nearby satellite senior center the Lehman Village Senior Center; Making Art Work, an Arts and Crafts program led by professional teaching artists that provides classes to senior centers throughout NYC; the Carter Burden Gallery, an art gallery located in Chelsea exclusively featuring professional re-emerging older artists. The Organization has seven locations in Manhattan for program and administrative services. These include the Leonard Covello Senior Center, which is recorded as a contributed space.

The Organization is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**Note 2 - Significant Accounting Policies**

a. Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.



b. Basis of Presentation

The Organization reports information regarding their financial position and activities in the following classes of net assets:

- *Unrestricted* – relates to all activity without donor imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets restriction, either due to a program nature or by passage of time.
- *Permanently restricted* – relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. The income from these assets has not been restricted by the donor and has been reflected in the temporarily restricted class of net assets until appropriated by the board of directors for expenditure.

c. Revenue Recognition

Contributions are recorded as revenue at the earlier of the receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in the temporarily or permanently restricted class of net assets depending on the nature of the restriction. All other contributions are recorded as unrestricted. When restricted contributions are satisfied in the same year the donation was received, they are recorded as unrestricted.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discount rate. Conditional contributions are recognized as income when the conditions have been substantially met.

Government grants are recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and government grant income recognized is reflected as government grants receivable or government grant advances.

Income earned under fee for service agreements is classified as “program service revenue” on the statement of activities. When such agreements contain fixed fees, are non-cancelable, and the Organization has no remaining obligations under such agreements, the earning process is deemed completed and revenue is recognized at that time.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held with an investment custodian for long term purposes.

e. Significant Concentrations

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts. The Organization did not suffer any losses due to bank failure.

The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the Organization.

The Organization derives its income primarily from reimbursements from New York City Department for the Aging (DFTA) and from donations and program service contracts. Approximately 47% of the Organization's support (excluding in-kind) was derived from DFTA during the year ended June 30, 2018.

f. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized and realized gains and losses are included in non-operating activity on the statement of activities.

g. Allowance for Doubtful Accounts

All receivables are due within one year. Receivables are reviewed for collectability. No allowance for doubtful accounts has been recorded as all receivables are deemed to be fully collectable. Write-offs will be recorded as an expense in the year they are deemed uncollectable.

h. Fixed Assets

Equipment and furniture that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Furniture and equipment – *5 to 7 years*

Vehicles – *5 years*

Leasehold improvements – *life of lease*

i. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

j. Management Estimates

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

k. Donated Services and Rent

Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. Volunteer hours for the provision of direct services were approximately 32,000 hours for the year. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

The Organization uses space at the Leonard Covello Senior Center, Lehman Village Senior Houses, and Roosevelt Island Center without charge. The estimated fair value of \$1,761,270 has been recorded as an in-kind contribution and is reflected on the statement of functional expenses as contributed space. In addition, the Organization received \$4,100 of in-kind professional services.

l. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ended June 30, 2015 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through November 14, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

n. New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. In addition, under the ASU, not-for-profits will no longer be able to imply a time restriction over donor-restricted contributions of fixed assets.

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU, which becomes effective for the June 30, 2020 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2021 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 - Client Escrow**

The Organization provides a money management assistance program to the homebound and elderly. As part of the program, the Organization maintains a bank account on behalf of its clients. The balance of \$5,054 in the custodial account at June 30, 2018 is reflected on the statement of financial position as an asset and a liability.

**Note 4 - Investments**

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investment balances consist of the following:

	<u>June 30, 2018</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and money funds	\$780,719	\$0	\$780,719
Common stocks - domestic	3,874,796	0	3,874,796
Common stocks - international	2,474,923	0	2,474,923
Fixed income – bond funds	161,196	0	161,196
Fixed income – municipal bonds	0	3,580,048	3,580,048
Fixed income – corporate bonds	0	1,596,711	1,596,711
Fixed income – US Treasury notes	0	757,718	757,718
	<u>\$7,291,634</u>	<u>\$5,934,477</u>	<u>\$13,226,111</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned.

Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Investments are designated as follows:

Unrestricted	\$10,106,390
Endowment (Note 8)	<u>3,119,721</u>
	<u>\$13,226,111</u>

Investment income consists of the following:

Interest and dividends	\$307,861
Realized gain on investments	1,136,148
Unrealized loss on investments	<u>(440,201)</u>
	<u>\$1,003,808</u>

All dividends received during the year have been reinvested in additional shares.

**Note 5 - Fixed Assets**

Fixed assets consist of the following:

Furniture and equipment	\$619,587
Vehicles	87,833
Leasehold improvements	<u>1,375,082</u>
	2,082,502
Less: accumulated depreciation	<u>(1,181,029)</u>
Total fixed assets, net	<u>\$901,473</u>

**Note 6 - Refundable Advances**

Refundable advances consist of the following:

Five year endowment fund (A)	\$300,000
Government grant advances	<u>52,022</u>
Total refundable advances	<u>\$352,022</u>

(A) In February 27, 2014, the Organization received funds under a five year term endowment fund. Under the terms of the agreement, the donor has the unilateral right to reassign this amount to any qualified charitable institution without the consent or agreement of the Organization.

These funds have been pooled together with other investments and the income of this fund is used only for the Organization's programs. The principal amount of \$300,000 can not be spent unless agreed to by the donor in writing.

**Note 7 - Temporarily Restricted Net Assets**

Net assets were released from restriction due to satisfaction of the following donor stipulations:

Restricted for program activities	\$293,737
Time restrictions	25,000
Endowment earnings appropriated for use	<u>137,834</u>
Total net assets released from restriction	<u>\$456,571</u>

At June 30, 2018, net assets are temporarily restricted by donors for the following purposes:

Restricted for program activities	\$242,220
Time restrictions	25,000
Unappropriated endowment earnings	<u>1,055,721</u>
Total restrictions	<u>\$1,322,941</u>

**Note 8 - Permanently Restricted Net Assets**

The endowment includes donations that were restricted by donors to be held in perpetuity. The income from these investments can be used to support the Organization's general activities. The Organization maintains a separate investment account for the endowment.

*Interpretation of Relevant Law*

The Organization follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the Board of Directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift will be preserved as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, the fair value of the original gift can be appropriated in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, permanently restricted net assets consist of: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor stipulations, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the board of directors.

*Spending Policies*

In accordance with NYPMIFA, the Organization considers 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 available;
- (7) The investment policies;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

The Organization has established an annual spending rate of 4% of the endowment to be appropriated for expenditure on an annual basis.

Changes in endowment net assets as of June 30, 2018 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	(\$103)	\$983,949	\$2,064,000	\$3,047,846
Interest and dividend income	103	55,800	0	55,903
Net gains on investments	0	153,806	0	153,806
Appropriations for spending	<u>0</u>	<u>(137,834)</u>	<u>0</u>	<u>(137,834)</u>
Endowment net assets, end of year	<u>\$0</u>	<u>\$1,055,721</u>	<u>\$2,064,000</u>	<u>\$3,119,721</u>

*Endowment Investment Policies*

The investment policy for endowment assets is consistent with the investment policy of unrestricted investments. A total return strategy is used and investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In establishing the investment objectives of the Organization, the investment committee has taken into account the time horizon available for investment, the nature of the Organization's cash flows and liabilities, and other factors that affect the Organization's risk tolerance. Accordingly, the investment objective of the Organization is growth and income. A diversified asset allocation strategy is used in an effort to maximize the investment return, manage risk, and achieve its long-term return objectives within prudent risk constraints.

*Funds with Deficiencies*

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies as of June 30, 2018.

**Note 9 - Special Events**

Special event proceeds are summarized as follows:

Gross revenue	\$1,062,981
Less: expenses with a direct benefit to donors	<u>(135,749)</u>
Net special event income	\$927,232
Less: other event expenses	<u>(33,152)</u>
Total	<u>\$894,080</u>

**Note 10 - Commitments and Contingencies**

The Organization occupies the following spaces in New York:

- a) 444 East 85<sup>th</sup> Street, New York, NY – The Organization is committed under a lease agreement for rental of space for the case management program until March 31, 2019.
- b) 548 West 28<sup>th</sup> Street, New York, NY – The Organization is committed under a lease agreement for rental of space for the Carter Burden Gallery until November 30, 2020.
- c) 351 East 74<sup>th</sup> Street, New York, NY – This Organization is committed under a lease agreement for rental of space for the Carter Burden Luncheon Club until May 31, 2021.
- d) 415 East 73<sup>rd</sup> Street, New York, NY – The Organization is committed under a lease agreement for rental of space for the social services and administrative offices until August 30, 2026.

Future minimum payments under these leases are as follows:

Year ending:	June 30, 2019	\$569,179
	June 30, 2020	546,785
	June 30, 2021	470,723
	June 30, 2022	249,269
	June 30, 2023	255,209
	Thereafter	<u>638,425</u>
Total		<u>\$2,729,590</u>

Rent expense for the year ended June 30, 2018 was \$664,000.

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified, if it is probable that a liability has been incurred.



**Note 11 - Line of Credit**

The Organization has a line of credit with a financial institution that expires on August 31, 2019 with a maximum amount of \$700,000 and interest rate of LIBOR plus 3.165%. The Organization did not draw down amounts and did not have any outstanding balance at June 30, 2018.

**Note 12 - Retirement Plan**

The Organization maintains a tax deferred 403(b) retirement plan on behalf of participating employees. All employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. Employees who are at least 21 years of age are eligible for employer contributions after one year of service.

The Organization contributes 3% of eligible employees' salaries to the plan regardless of the employees' contribution. In addition, the Organization matches up to 4% of eligible employees' compensation at a rate of 50%. Employee contributions to the plan are fully vested and Employer contributions are 100% fully vested after three years of services. Total pension plan expense incurred during the year ended June 30, 2018 was \$114,000.