

**Publicolor, Inc.**

Financial Statements

June 30, 2015 and 2014

## Independent Auditors' Report

### Board of Directors Publicolor, Inc.

We have audited the accompanying financial statements of Publicolor, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014 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 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 auditors' 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 Publicolor, Inc. as of June 30, 2015 and 2014, 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.

*O'Connor Davies, LLP*

November 4, 2015

O'CONNOR DAVIES, LLP

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**Publicolor, Inc.**

Statements of Financial Position

	June 30	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,049,774	\$ 1,309,466
Investments	<u>503,503</u>	<u>-</u>
Receivables		
Contract revenue	95,000	145,000
Pledges	376,675	262,400
Event income	93,550	76,100
Other	<u>72,830</u>	<u>92,089</u>
Total Receivables	638,055	575,589
Less allowance for doubtful accounts	<u>2,375</u>	<u>12,000</u>
Receivables, net	<u>635,680</u>	<u>563,589</u>
Paint inventory	<u>94,727</u>	<u>82,857</u>
Prepaid expenses and other	<u>68,370</u>	<u>55,579</u>
Total Current Assets	2,352,054	2,011,491
Pledges receivable, long-term	150,000	159,750
Security deposits	151,215	62,165
Property and equipment, net	<u>44,989</u>	<u>67,226</u>
Total Assets	<u>\$ 2,698,258</u>	<u>\$ 2,300,632</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 61,910	\$ 55,169
Deferred rent	<u>8,298</u>	<u>11,911</u>
Total Current Liabilities	70,208	67,080
Deferred rent payable	<u>-</u>	<u>8,298</u>
Total Liabilities	<u>70,208</u>	<u>75,378</u>
Net Assets		
Unrestricted		
Current	660,644	670,777
Board-directed (reserve fund)	<u>964,195</u>	<u>964,195</u>
Total Unrestricted	1,624,839	1,634,972
Temporarily restricted	<u>1,003,211</u>	<u>590,282</u>
Total Net Assets	<u>2,628,050</u>	<u>2,225,254</u>
Total Liabilities and Net Assets	<u>\$ 2,698,258</u>	<u>\$ 2,300,632</u>

See notes to financial statements

**Publicolor, Inc.**

Statements of Activities

	Year Ended					
	June 30, 2015			June 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Contributions, including donated goods of \$248,982 and \$179,600	\$ 797,200	\$ 1,520,018	\$ 2,317,218	\$ 647,556	\$ 1,680,808	\$ 2,328,364
Fundraising campaign, net of direct costs	1,154,773	-	1,154,773	865,844	-	865,844
Contract and service revenue	337,455	-	337,455	296,494	-	296,494
Interest and other income	5,218	-	5,218	3,349	-	3,349
Net assets released from restrictions	1,107,089	(1,107,089)	-	1,341,817	(1,341,817)	-
Total Public Support and Revenue	<u>3,401,735</u>	<u>412,929</u>	<u>3,814,664</u>	<u>3,155,060</u>	<u>338,991</u>	<u>3,494,051</u>
<b>EXPENSES</b>						
Program services	2,725,720	-	2,725,720	2,424,634	-	2,424,634
Management and general	231,156	-	231,156	292,810	-	292,810
Fundraising	454,992	-	454,992	451,467	-	451,467
Total Expenses	<u>3,411,868</u>	<u>-</u>	<u>3,411,868</u>	<u>3,168,911</u>	<u>-</u>	<u>3,168,911</u>
Change in Net Assets	(10,133)	412,929	402,796	(13,851)	338,991	325,140
<b>NET ASSETS</b>						
Beginning of year	<u>1,634,972</u>	<u>590,282</u>	<u>2,225,254</u>	<u>1,648,823</u>	<u>251,291</u>	<u>1,900,114</u>
End of year	<u>\$ 1,624,839</u>	<u>\$ 1,003,211</u>	<u>\$ 2,628,050</u>	<u>\$ 1,634,972</u>	<u>\$ 590,282</u>	<u>\$ 2,225,254</u>

See notes to financial statements

**Publicolor, Inc.**

Statements of Functional Expenses

	Year Ended							
	June 30, 2015				June 30, 2014			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,191,408	\$ 135,267	\$ 267,566	\$ 1,594,241	\$ 1,039,644	\$ 189,501	\$ 250,758	\$ 1,479,903
Payroll taxes and employee benefits	214,765	26,504	52,430	293,699	186,504	33,535	45,848	265,887
Students stipends	176,592	-	-	176,592	211,604	-	-	211,604
Professional fees	124,082	41,526	2,187	167,795	97,497	32,592	43,482	173,571
Scholarships, college tours, and workshops	263,559	-	-	263,559	200,201	-	-	200,201
Food and onsite project costs	108,841	-	-	108,841	105,654	-	-	105,654
Project travel and auto	102,935	353	1,060	104,348	107,872	261	783	108,916
Paint and project supplies	51,927	-	-	51,927	62,362	-	-	62,362
Inkind-paint and other project supplies	220,682	-	-	220,682	146,747	-	-	146,747
Events	26,788	-	96,732	123,520	26,187	-	73,924	100,111
Occupancy	118,483	10,662	9,596	138,741	118,441	10,710	9,639	138,790
Depreciation and amortization	23,663	2,485	2,236	28,384	20,966	2,152	1,937	25,055
Office	45,913	5,668	5,101	56,682	45,007	5,556	5,001	55,564
Insurance	35,531	4,144	3,730	43,405	32,455	3,764	3,388	39,607
Subscription, payroll services, recruitment, and miscellaneous	5,641	2,172	2,762	10,575	6,118	1,159	4,071	11,348
Development and cultivation	14,910	-	11,592	26,502	17,375	1,580	12,636	31,591
Provision for bad debts	-	2,375	-	2,375	-	12,000	-	12,000
	<u>\$ 2,725,720</u>	<u>\$ 231,156</u>	<u>\$ 454,992</u>	<u>\$ 3,411,868</u>	<u>\$ 2,424,634</u>	<u>\$ 292,810</u>	<u>\$ 451,467</u>	<u>\$ 3,168,911</u>

See notes to financial statements

**Publicolor, Inc.**

Statements of Cash Flows

	Year Ended June 30	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 402,796	\$ 325,140
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized gain on investments	(3,503)	-
Depreciation and amortization	28,384	25,055
Provision for bad debts	2,375	12,000
Deferred rent	(11,911)	(8,009)
Changes in Assets and Liabilities		
Receivables	(64,716)	(264,426)
Paint inventory	(11,870)	(13,604)
Prepaid expenses and other	(12,791)	(15,734)
Security deposits	(89,050)	-
Accounts payable and accrued expenses	6,741	20,939
Net Cash From Operating Activities	<u>246,455</u>	<u>81,361</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(500,000)	-
Purchase of property and equipment	<u>(6,147)</u>	<u>(66,828)</u>
Net Cash From Investing Activities	<u>(506,147)</u>	<u>(66,828)</u>
Net (Decrease) Increase in Cash	(259,692)	14,533
<b>CASH</b>		
Beginning of year	<u>1,309,466</u>	<u>1,294,933</u>
End of year	<u>\$ 1,049,774</u>	<u>\$ 1,309,466</u>

See notes to financial statements

## **Publicolor, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

### **1. Organization and Tax Status**

#### ***Organization***

Publicolor, Inc. (the "Organization"), is a nonprofit organization whose mission is to fight poverty by countering inner-city public schools' alarming dropout rate. The Organization engages disconnected youth in their education through a continuum of design-based programs, academic support, and teaching career-readiness skills. It is an intensive long-term intervention, whereby students are empowered to plan and prepare for college and career. Unique to Publicolor - and central to its mission - is the beautification and revitalization of public schools, under-resourced community facilities, and neglected school playgrounds through the power of color and design, the affordable medium of paint, and community collaborations that engage students and the community as a whole.

The Organization's continuum of creative youth development programs - Paint Club, COLOR Club, Next Steps, Summer Design Studio, Fresh Coat, and the Publicolor College Scholarship for Community Service - is anchored in high expectations and the belief that when students experience daily successes, they build the self-confidence necessary to achieve more in all areas of their life, including school, where risk-taking is inherent to real learning.

#### ***Paint Club***

The Organization's gateway program is an innovative, multi-layered afterschool program that positively affects the students, their schools, the volunteers and the community as a whole. By changing environments, the Organization aims to change attitudes and behaviors with a new sense of focus, determination and energized environments of learning. Publicolor targets highly at-risk students in New York City's low-performing schools that are identified as such by the NYC Department of Education. Every Publicolor student gains strong, transferable work habits while learning the marketable skills of commercial painting, along with an improvement in life skills such as communication, project management, collaboration, and the importance of initiative.

#### ***COLOR Club (Community of Leaders Organizing Revitalization)***

A multi-year three-day-a-week apprenticeship program for Paint Club graduates providing them with weekly career exposure and life skills workshops, academic tutoring, and Saturday painting opportunities that hone their work skills. COLOR Club offers rigorous weekly workshops organized into industry-centric modules that allow students to explore different career paths and the skills needed in each. Publicolor students also learn design thinking skills, which helps them develop critical thinking skills and creative problem solving skills. Design thinking as an approach to education teaches meaningful control over their lives. Engaging in the design process helps the students draw from their own creativity, which in turn, empowers them to be shapers of their world.

## **Publicolor, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

### **1. Organization and Tax Status (*continued*)**

#### ***Next Steps***

A two-year, 3-day-a-week college and career preparation program for 11<sup>th</sup> and 12<sup>th</sup> graders for approximately 150 high school juniors and seniors, college students, as well as students who are transitioning to college or post-secondary options. The program builds upon the COLOR Club model, offering 2 days a week of academic tutoring and workshops (including college/career guidance and tutoring and 1 day of on-site painting). Weekly career and college preparation activities include resume preparation, job shadowing, mock interviews, college applications, S.A.T. preparation, and multi-day, multi-campus college tours.

#### ***Summer Design Studio (SDS)***

A seven-week, 5-day a week math and literacy immersion program taught through the scaffold of production design for 70-75 youths, ages 14-21. The Organization created SDS as an antidote to summer learning loss. SDS enrolls students from its continuum of programs that are offered during the school year. The summer months prove to be critical for the low-income, academically struggling students whose families cannot afford to pay for summer enrichment activities. SDS offers the students a rare opportunity to continue their learning in July through August, ensuring that they stay on track for academic success. The SDS program also includes S.A.T. preparation classes. Summer Design Studio offers disadvantaged youth crucial employment and work experience every afternoon by involving them in painting under-resourced but vital neighborhood facilities.

#### ***Fresh Coat***

A semi-professional painting crew of Next Steps students. The program offers students job training to enhance their work-readiness as they regularly touch up previously Publicolored schools, community sites, museums, gallery spaces, not-for-profit offices, as well as health clinics, thereby extending the power of our transformations for thousands more to experience.

#### ***Publicolor College Scholarships for Community Service***

A scholarship program to help fill the monetary gap between students' financial aid packages and the real cost of college.

#### ***Tax Status***

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization as described in Section 509(a) and is not subject to income taxes



## **Publicolor, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Net Assets Presentation***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets represent resources that are not subject to donor-imposed restrictions.

Temporarily restricted net assets represent net assets subject to donor-imposed restrictions that expire by the passage of time, or restrictions by the donor for specific purposes.

Permanently restricted net assets represent net assets restricted by donors to be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of June 30, 2015 and 2014.

#### ***Cash***

Cash includes cash on hand, and cash held in checking, savings and money market accounts.

#### ***Concentration of Credit Risk and Other***

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of receivables, which are expected to be collected in the normal course of business, and cash and investments. The Organization maintains its cash in bank deposits in one financial institution and its investments in one brokerage account. At times, these accounts may exceed the federally and securities protection insurance limits during fiscal 2015 and 2014, and subjected the Organization to a concentration of credit risk. At year-end, the Organization's cash deposits in the financial institution exceeded the federally insured limit by approximately \$909,000 in 2015 and \$974,000 in 2014. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on uninsured cash and investments.

## Publicolor, Inc.

Notes to Financial Statements  
June 30, 2015 and 2014

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Fair Value Measurements***

The Organization follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments as of June 30, 2015 consist of an intermediate government fund and an inflation protected bond fund, and are both carried at fair value. These investments were valued using level 1 inputs.

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Pledges Receivable***

Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value and are reflected in current assets on the statement of financial position. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows and are reflected as long-term pledges receivable on the statement of financial position. Discounts on those amounts were not material. Conditional pledges are not included as support until such time as the conditions are substantially met.

#### ***Paint Inventory***

Inventory from in-kind donations is recorded at fair value when received. Inventories are stated at weighted-average costs.

#### ***Property and Equipment, Depreciation and Amortization***

Property and equipment is stated at cost. The Organization capitalizes all purchases of property and equipment in excess of \$1,000. Depreciation is provided on the straight-line method over the estimated useful lives of the assets which are three to seven years for equipment, accounting software and autos.

## **Publicolor, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Property and Equipment, Depreciation and Amortization (continued)***

Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the estimated useful life of the improvements, whichever is shorter.

#### ***Board-Directed Reserve Fund***

The board of directors has resolved to segregate certain unrestricted net assets as a contingency fund to enable the Organization to withstand the impact of economic downturns as well as to provide adequate funding for unexpected major expenditures. The usage of such funds is dependent upon approval by the financial committee and/or the board.

#### ***Contributions***

All contributions are recorded as support upon receipt of cash or unconditional pledges and are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### ***Contract and Service Revenue***

Contract revenue is recognized as revenue upon completion of a space transformation based on contracts with the New York City Department of Education and community-based nonprofit organizations.

#### ***Scholarship***

Scholarships to students are recognized as expenses when awarded by the Organization's board of directors for the purpose of helping qualified students' fill the monetary gap between the financial aid they receive and the real cost of college. Scholarship direct expense in the amount of \$236,548 and \$165,843 for the years ended June 30, 2015 and 2014 was included in scholarships, college tours and workshops in the statement of functional expenses.

**Publicolor, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

**2. Summary of Significant Accounting Policies (continued)**

***Functional Expenses***

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to each.

***Uncertain Tax Positions***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had taken no uncertain tax positions that require financial statement recognition or disclosure.

The Organization is no longer subject to examinations by the applicable tax jurisdictions for periods prior to fiscal 2012.

***Subsequent Events Evaluation by Management***

The Organization evaluated events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation was performed through November 4, 2015, the date these financial statements were available for issuance.

**3. Pledges Receivable**

The Organization received multi-year pledges from one donor in 2015 and six donors in 2014 to support its fiscal operations and related programs.

These pledges obligate the donors to make annual payments against these pledges in installments which are due as follows for the year ended June 30:

	<u>2015</u>	<u>2014</u>
2015	\$ -	\$ 139,750
2016	150,000	20,000
2017	<u>150,000</u>	<u>-</u>
	<u>\$ 300,000</u>	<u>\$ 159,750</u>

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collectible. The determination of this allowance is an estimate based on the Organization's historical experience, review of account balances and expectations relative to collections.

## Publicolor, Inc.

### Notes to Financial Statements June 30, 2015 and 2014

#### 3. Pledges Receivable *(continued)*

Approximately 10% of the Organization's total public support and revenue was received from one donor during the year ended June 30, 2015. The amount due from this donor was \$300,000 as of June 30, 2015.

#### 4. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 288,217	\$ 288,217
Equipment	172,330	166,183
Accounting software	22,873	22,873
Auto	<u>35,075</u>	<u>35,075</u>
	518,495	512,348
Less: accumulated depreciation and amortization	<u>473,506</u>	<u>445,122</u>
	<u>\$ 44,989</u>	<u>\$ 67,226</u>

#### 5. Donated Goods and Services

Contributed materials and equipment are reported as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Contributed services are reported in the accompanying financial statements at the fair value of the services received. The contribution of services is recognized if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. The value of donated goods and services recorded in the accompanying financial statements was approximately \$249,000 and \$180,000 for the years ended June 30, 2015 and 2014.

In addition, the Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, fund-raising campaigns, and management.

The compensation equivalent of approximately \$185,000 and \$171,000 for the years ended June 30, 2015 and 2014 for such services has been determined by management to be reasonable for obtaining such services, but this equivalent is not reflected in the accompanying financial statements, as they do not meet the criteria outlined above.

**Publicolor, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

**6. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30 consist of the following:

	<u>2015</u>	<u>2014</u>
Scholarship Program	\$ 427,882	\$ 360,032
Other	28,186	3,000
Time restriction	<u>547,143</u>	<u>227,250</u>
	<u>\$ 1,003,211</u>	<u>\$ 590,282</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors, or by the passage of time. The following net assets were released from donor restrictions during the years ended June 30:

	<u>2015</u>	<u>2014</u>
Paint Club	\$ 218,042	\$ 352,971
Paint Club +	-	231,114
COLOR Club/Next Steps	161,295	188,565
Summer Design Studio Program	236,527	242,209
Scholarship Program	266,251	198,808
Time restriction	207,250	43,750
Other	<u>17,724</u>	<u>84,400</u>
	<u>\$ 1,107,089</u>	<u>\$ 1,341,817</u>

**7. Commitments and Contingencies**

***Operating Leases***

The Organization conducts its office operations under an operating lease agreement (the "Lease") effective February 1, 2011, and scheduled to end on January 31, 2016. Monthly lease payments are \$8,706 through the end of the lease term. The lease is subject to customary escalation clauses for real estate taxes, electricity usage and building operating expenses.

**Publicolor, Inc.**

Notes to Financial Statements  
June 30, 2015 and 2014

**7. Commitments and Contingencies (continued)**

***Operating Leases (continued)***

The Organization also leases office space at the same building location from which it currently operates. This lease is also scheduled to end on January 31, 2016. Monthly lease payments are approximately \$2,650 through the end of the lease term, and are also subject to customary escalation clauses for real estate taxes, electricity usage and building operating expenses.

Future annual minimum lease commitments under these leases are approximately \$79,500 for the year ending June 30, 2016.

Deferred rent payable of \$8,298 and \$20,209 in 2015 and 2014 is the difference between the cumulative amounts recorded for occupancy expense on a straight-line basis over the term of the leases, as compared to the cumulative required amounts paid under the leases as of the end of June 30, 2015 and 2014. Occupancy expense was approximately \$139,000 for the years ended June 30, 2015 and 2014.

In June 2015, the Organization entered into a ten year operating lease to conduct its operations at a new location. The effective date of the lease is expected to commence upon the landlord's substantial completion of work as defined by the lease during the fiscal year ending June 30, 2016.

Future annual minimum lease commitments under this lease are approximately as follows for years ending June 30:

2016	\$ 111,300
2017	273,800
2018	280,700
2019	287,700
2020	294,900
Thereafter	<u>1,588,800</u>
	<u>\$ 2,837,200</u>

***Litigation***

During the year ended June 30, 2012, a personal injury claim was filed against the Organization and two unrelated parties in the U.S. Supreme Court, State of New York, New York County. During the year ended June 30, 2014, this claim settled for \$375,000 with full payment to the plaintiff by the Organization's liability insurance carrier.

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