Stanley M. Isaacs Neighborhood Center, Inc.

Financial Statements

June 30, 2015

Independent Auditors' Report

Board of Directors
Stanley M. Isaacs Neighborhood Center, Inc.

We have audited the accompanying financial statements of Stanley M. Isaacs Neighborhood Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2015, 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.

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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stanley M. Isaacs Neighborhood Center, Inc. as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

O'Connor Davies, LLP

October 26, 2015

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Financial Position
June 30, 2015
(With Comparative Amounts at June 30, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	$ 715,353	$ 1,246,931
Contributions receivable	94,189	107,282
Due from government agencies	714,475	270,009
Due from subcontractors	17,699	-
Prepaid expenses and other assets	26,139	55,196
Investments	2,933,763	3,125,093
Beneficial interest in perpetual trust	582,606	598,068
Restricted investments	53,147	53,695
Property, plant and equipment, net	1,164,473	1,119,822
	$ 6,301,844	$ 6,576,096
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 433,436	$ 330,726
Accrued salaries and related liabilities	98,098	69,124
Total Liabilities	531,534	399,850
Net Assets		
Unrestricted		
General fund	3,828,694	4,217,911
Plant fund	1,164,473	1,119,822
Total Unrestricted	4,993,167	5,337,733
Temporarily restricted	141,390	186,750
Permanently restricted	635,753	651,763
Total Net Assets	5,770,310	6,176,246
	$ 6,301,844	$ 6,576,096

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Activities
Year Ended June 30, 2015
(With Summarized Totals for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
REVENUE AND PUBLIC SUPPORT					
Contract revenue	$ 4,436,205	$ -	$ -	$ 4,436,205	$ 4,012,760
Program service fees and other	99,594	-	-	99,594	96,772
Rental fees and miscellaneous	23,732	-	-	23,732	63,656
Investment return allocated to operations	255,000	2,500	-	257,500	312,500
Contributions	1,984,916	76,390	-	2,061,306	2,130,166
In-kind contributions	441,250	-	-	441,250	260,000
Legacies	310,035	-	-	310,035	203,294
Special events, net of direct expenses of $64,016 and $77,202	205,169	-	-	205,169	232,874
Net assets released from restrictions	124,250	(124,250)	-	-	-
Total Revenue and Public Support	7,880,151	(45,360)	-	7,834,791	7,312,022
EXPENSES					
Program Expenses					
Youth and family services	2,317,548	-	-	2,317,548	2,052,963
Meals on Wheels	2,786,613	-	-	2,786,613	2,663,239
Senior services	1,140,849	-	-	1,140,849	1,181,351
Supporting Services					
Management and general	874,270	-	-	874,270	713,333
Fundraising	915,075	-	-	915,075	743,591
Total Expenses	8,034,355	-	-	8,034,355	7,354,477
(Deficiency) of Revenue and Public Support Over Expenses	(154,204)	(45,360)	-	(199,564)	(42,455)
NON OPERATING ACTIVITIES					
Investment return after allocation to operations	(190,362)	-	(548)	(190,910)	118,173
Change in beneficial interest in perpetual trust	-	-	(15,462)	(15,462)	62,130
Change in Net Assets	(344,566)	(45,360)	(16,010)	(405,936)	137,848
NET ASSETS					
Beginning of year	5,337,733	186,750	651,763	6,176,246	6,038,398
End of year	$ 4,993,167	$ 141,390	$ 635,753	$ 5,770,310	$ 6,176,246

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Functional Expenses
Year Ended June 30, 2015
(With Summarized Totals for the Year Ended June 30, 2014)

	Program Services				Supporting Services			Total	
	Youth and Family Services	Meals on Wheels	Senior Services	Total Program Services	Management and General	Fund-raising	Total Supporting Services	2015	2014
Salaries	$ 1,188,376	$ 517,840	$ 586,068	$ 2,292,284	$ 354,814	$149,199	$ 504,013	$ 2,796,297	$ 2,696,839
In-kind salaries	321,250	-	-	321,250	-	-	-	321,250	140,000
Payroll taxes	135,381	49,044	52,830	237,255	74,732	21,759	96,491	333,746	300,753
Employee benefits	79,097	18,491	79,963	177,551	44,206	24,547	68,753	246,304	267,964
Total Salaries and Related Expenses	1,724,104	585,375	718,861	3,028,340	473,752	195,505	669,257	3,697,597	3,405,556
Awards and grants	48,809	-	-	48,809	-	-	-	48,809	52,119
In-kind occupancy	51,250	-	46,200	97,450	22,550	-	22,550	120,000	120,000
Consultants	57,823	17,428	73,197	148,448	154,807	220,899	375,706	524,154	447,229
Computer service	59,760	31,593	31,411	122,764	34,502	15,227	49,729	172,493	174,935
Subcontractors	-	1,295,865	-	1,295,865	-	-	-	1,295,865	1,231,766
Printing and publishing	15,117	13,633	15,941	44,691	23,144	331,610	354,754	399,445	281,161
Postage and mailing	4,241	2,595	4,380	11,216	2,538	100,077	102,615	113,831	102,347
Office expense	27,344	12,702	14,725	54,771	35,146	16,093	51,239	106,010	111,417
Telephone	18,467	12,133	9,167	39,767	6,325	3,215	9,540	49,307	67,320
Food and beverage	27,340	677,423	94,324	799,087	9,697	536	10,233	809,320	768,753
Program supplies	37,332	10,357	22,500	70,189	18,665	2,536	21,201	91,390	95,359
Program activities	45,344	-	31,055	76,399	1,060	-	1,060	77,459	58,241
Insurance	24,672	33,165	11,103	68,940	12,336	4,934	17,270	86,210	83,993
Dues and subscriptions	393	150	3,300	3,843	15,820	4,857	20,677	24,520	32,656
Conference and seminars	21,684	25	6,279	27,988	1,980	1,963	3,943	31,931	6,984
Travel and auto	814	21,913	593	23,320	1,142	41	1,183	24,503	26,514
Stipend payments	62,971	-	-	62,971	2,090	-	2,090	65,061	53,737
Repairs and maintenance	38,076	19,930	34,410	92,416	20,773	7,120	27,893	120,309	76,936
Bank fees	-	30	-	30	9,440	60	9,500	9,530	11,038
Interest expense	-	-	-	-	2,500	-	2,500	2,500	2,500
Depreciation and amortization	52,007	52,296	23,403	127,706	26,003	10,402	36,405	164,111	137,539
Bad debt	-	-	-	-	-	-	-	-	6,377
Total Expenses	$ 2,317,548	$ 2,786,613	$ 1,140,849	$ 6,245,010	$ 874,270	$915,075	$ 1,789,345	$ 8,034,355	$ 7,354,477

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Cash Flows
Year Ended June 30, 2015
(With Comparative Amounts for the Year Ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (405,936)	$ 137,848
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized gain on investments	(28,101)	(387,828)
Bad debt expense	-	6,377
Donation of marketable securities	(45,066)	-
Change in beneficial interest in perpetual trust	15,462	(62,130)
Depreciation and amortization	164,111	137,539
Changes in operating assets and liabilities		
Contributions receivable	13,093	(54,357)
Due from government agencies	(444,466)	134,364
Due from subcontractors	(17,699)	62,647
Prepaid expenses and other assets	29,057	11,140
Accounts payable and accrued expenses	102,710	150,248
Accrued salaries and related liabilities	28,974	(19,208)
Net Cash from Operating Activities	(587,861)	116,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(208,762)	(46,027)
Purchase of investments	(813,030)	(1,094,232)
Proceeds from sale of investments	1,078,075	1,380,729
Net Cash from Investing Activities	56,283	240,470
Net Change in Cash and Cash Equivalents	(531,578)	357,110
CASH AND CASH EQUIVALENTS		
Beginning of year	1,246,931	889,821
End of year	$ 715,353	$ 1,246,931
SUPPLEMENTAL CASH FLOWS INFORMATION		
Cash paid for interest	$ 2,500	$ 2,500

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2015

1. Organization and Tax Status

Stanley M. Isaacs Neighborhood Center, Inc. (the "Center"), founded in 1964, provides community services that include senior, adult, youth and family services to people of all ages and backgrounds in the Yorkville and East Harlem sections of Manhattan.

The Center is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

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 revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Presentation of Net Assets

The financial statements report amounts separately by class of net assets based on the presence or absence of donor restrictions. Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the Center's operations. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for future periods. Permanently restricted net assets result from contributions and other inflows of assets whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

Fair Value Measurements

The Center 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 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 and are used to the extent that observable inputs do not exist.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in banks and money market funds other than those held in long-term investment accounts. Cash and cash equivalents include highly liquid instruments with a maturity of three months or less when acquired.

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

Contributions Receivable

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. At June 30, 2015, contributions receivable are considered collectible in less than one year.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Center's historical experience, review of account balances and expectations relative to collections. Management believes that all receivables are collectible and, accordingly, no provision for doubtful collection is deemed necessary.

Investments and Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded when earned 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.

Perpetual Trust

The Center is the income beneficiary of a 5% interest in a perpetual trust held by another entity as trustee. The Center's beneficial interest in this trust is stated at the fair value of the assets underlying the trust as of the statement of financial position date.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation and amortization is recognized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years for equipment and automobiles. The Center follows the practice of capitalizing and depreciating all expenditures for property and equipment costing $5,000 or more and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets.

Property, plant and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for fiscal 2015 and 2014.

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

Revenue Recognition

A significant portion of the Center's operations are conducted under contracts with various government agencies. Revenue from government contracts is recorded as earned pursuant to terms of existing agreements and subject to audit by such agencies. The Center does not reflect any adjustment for potential disallowances of expense since management believes that all expenses incurred for such activities should be treated as allowable costs.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is made. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose or time restriction is met, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

In-kind Contributions

Contributions of services are recognized at fair value when they are received if the services either create or enhance nonfinancial assets, or require specialized skills, and those skills are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated goods distributed are recorded as income and expense at the time they are received which is normally also the time they are placed into service or distributed.

During 2015 and 2014, the Center occupied premises in New York City Housing Authority-owned buildings without charge based on an annual agreement. The estimated fair value of the premises rental is reported as contribution support and occupancy cost of $120,000 for 2015 and 2014. In partnership with Department of Education, several teachers and specialists provided services without charge for the Center's Youth Employment and Education Services Program. The estimated fair value of those services is reported as contribution support and consultants fees of $321,250 in 2015 and $140,000 in 2014. Many individuals volunteer their time and perform a variety of tasks that assist the Center with various program functions. These volunteer services have not been recognized in the financial statements because they do not meet the criteria for recognition.

Functional Expenses

The Center allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with specific program and support services are allocated directly according to natural expenditure classification. Other expenses common to several functions are allocated in accordance with other equitable bases.

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

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

The Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Center had no uncertain tax positions that would require financial statement recognition or disclosure. The Center is no longer subject to audits by the applicable taxing jurisdictions for periods prior to June 30, 2012.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 26, 2015.

3. Concentrations of Credit Risk

Financial instruments which potentially subject the Center to a concentration of credit risk include cash accounts with a major New York financial institution in excess of federally insured insurance limits, due from government agencies and investments. Management believes that credit risk related to these accounts is minimal.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

4. Economic Dependency

The Center has several programs with funding from The City of New York – Department for the Aging (“DFTA”). These and other government grants are subject to audits by the funders. Management does not anticipate disallowed costs to be material and no estimated liability has been provided for this purpose. Approximately 64% and 66% of the Center’s government grants and contracts (excluding in-kind services) were provided from DFTA in 2015 and 2014. The Center is economically dependent on these grants to continue its DFTA funded programs.

5. Investments and Investment Return

Investments consist of the following at June 30:

	2015	2014
Cash and cash equivalents	$ 75,135	$ 70,105
U.S. government obligations	50,478	108,656
Fixed Income Securities		
U.S. govt. securities (Treasury bills)	498,413	428,935
Corporate bonds	29,051	36,253
Common Stocks		
Health care	226,243	226,406
Consumer staples	202,411	239,234
Information technology	250,338	252,522
Consumer discretionary	218,752	216,649
Industrials	188,314	212,362
Materials	99,190	93,603
Financials	530,158	549,537
Telecommunication services	47,774	38,126
Utilities	35,112	37,286
Energy	157,041	229,724
Fixed income mutual funds	378,500	439,390
	$ 2,986,910	$ 3,178,788

Total investment return consisted of the following for the year ended June 30:

	2015	2014
Interest and dividends from investments, net of fees of $35,655	$ 38,489	$ 42,845
Realized/unrealized gain on investments	28,101	387,828
Investment return	66,590	430,673
Investment return allocated to operations	(257,500)	(312,500)
Investment return allocated to non-operations activities	$ (190,910)	$ 118,173

The portion of investment return allocated to operations is determined by a spending policy governed by the Center's board of directors. The policy states that an amount up to 4.5% of the market value of its invested assets at the end of each fiscal year will be made available for operational use. During fiscal 2015 and 2014, the Board of Directors elected to allocate an additional $123,000 and $175,000 to support operations.

6. Fair Value of Financial Instruments

The following presents the fair value of those investments and other assets that are measured at fair value at June 30:

	2015			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 50,478	$ -	$ 50,478
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	498,413	-	-	498,413
Corporate bonds	-	29,051	-	29,051
Common stocks	1,955,333	-	-	1,955,333
Fixed income mutual funds	378,500	-	-	378,500
	2,832,246	79,529	-	2,911,775
Cash and cash equivalents				75,135
Total Investments				2,986,910
Beneficial interest in perpetual trust	-	-	582,606	582,606
Total	$ 2,832,246	$ 79,529	$ 582,606	$ 3,569,516

	2014			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 108,656	$ -	$ 108,656
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	428,935	-	-	428,935
Corporate Bonds	-	36,253	-	36,253
Common stocks	2,095,449	-	-	2,095,449
Fixed income mutual funds	439,390	-	-	439,390
	2,963,774	144,909	-	3,108,683
Cash and cash equivalents				70,105
Total Investments				3,178,788
Beneficial interest in perpetual trust	-	-	598,068	598,068
Total	$ 2,963,774	$ 144,909	$ 598,068	$ 3,776,856

The changes in assets measured at fair value for which the Center has used Level 3 inputs to determine fair value are as follows for the years ended June 30:

	2015	2014
Balance, beginning of year	$ 598,068	$ 535,938
Change in fair value of beneficial interest in perpetual trust	(15,462)	62,130
Balance, end of year	$ 582,606	$ 598,068

6. Fair Value of Financial Instruments *(continued)*

The fair value of the beneficial interest in perpetual trust is valued at the fair value of the assets held in the trust reported by the trustee as of June 30, 2015. In accordance with the terms of the charitable perpetual trust agreement, the trustee makes annual distributions equal to net realized income on trust investments for the twelve months ended June 30. The Center considers the measurement to be a Level 3 since the Center does not control the assets.

There were no transfers between categories and no changes in valuation methods during the years ended June 30, 2015 and 2014.

7. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30:

	2015	2014	Useful Lives
Leasehold improvements	$ 3,759,110	$ 3,740,054	31.5 years
Furniture and equipment	849,547	801,313	5-7 years
Automobiles	248,069	106,597	5 years
	4,856,726	4,647,964	
Accumulated depreciation and amortization	(3,692,253)	(3,528,142)	
	$ 1,164,473	$ 1,119,822	

8. Loans Payable

The Center has an available line of credit of $500,000 with a bank which bears interest at the greater of the bank's prime commercial rate or its minimum interest rate plus a margin of one percent secured by the Center's assets. The line is renewable annually and at June 30, 2015 and 2014 there was no outstanding balance on the line.

The Center has a margin loan agreement with a financial institution which bears interest at a variable rate equal to the LIBOR rate plus the "Spread." The Spread is the number of percentage points stated in the applicable notice or confirmation given by the financial institution. Each withdrawal must be in an amount not less than $200,000. This margin loan agreement is payable on demand and secured by the Center's investments. At June 30, 2015 and 2014 the Center had no outstanding balance.

9. Retirement Plan

Effective January 1, 2014, the Center's 401(k) profit sharing plan and trust covers all eligible employees after one year of eligibility service following their hire date and have attained age 21. Contributions to the plan are determined each year by the Center's board of directors. No contribution was made to the plan for 2015 and 2014.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs or purposes at June 30:

	2015	2014
General support	$ -	$ 15,000
Senior services and Meals on Wheels	48,818	-
Youth and family service programs	92,572	171,750
	$ 141,390	$ 186,750

Net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	2015	2014
Education Scholarships	$ 2,500	$ 2,500
General support	15,000	15,000
Youth and family service programs	106,750	10,736
	$ 124,250	$ 28,236

11. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to the following purposes at June 30:

	2015	2014
Investments in perpetuity, the income from which is expendable to support education scholarships	$ 53,147	$ 53,695
Beneficial interest in perpetual trust	582,606	598,068
	$ 635,753	$ 651,763

12. Endowment Funds

Interpretation of Law

The Center has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns 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. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

12. Endowment Funds *(continued)*

Investment Policy

The Center employs a strategic asset allocation strategy with its asset allocations diversified over multiple classes and sub classes. The Center's investment objective is for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a time weighted total rate of return in excess of the established medium and long term benchmarks. The Center expects the portfolio's asset allocation to reflect the investment objectives, goals, time horizon, risk tolerances and any investment restrictions that may exist within the policy.

Spending Policy

The Center, on an annual basis, appropriates for expenditure of dividends and interest earned on endowed funds. Gains and losses increase or decrease the value of the endowed funds as per donor stipulation.

The following is a reconciliation of the donor restricted endowment funds for the years ended June 30:

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	$ -	$ 53,695	$ 53,695
Investment income	2,500	-	2,500
Unrealized loss on investments	-	(548)	(548)
Appropriations for expenditures	(2,500)	-	(2,500)
Balance, end of year	$ -	$ 53,147	$ 53,147

	2014		
	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	$ -	$ 54,609	$ 54,609
Investment income	2,500	-	2,500
Unrealized loss on investments	-	(914)	(914)
Appropriations for expenditures	(2,500)	-	(2,500)
Balance, end of year	$ -	$ 53,695	$ 53,695

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