ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2014 AND 2013

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

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FK PARTNERS
FRIED AND KOWGIOS PARTNERS LLP

441 LEXINGTON AVENUE, NEW YORK, NY 10017 212-490-2200 FAX 212-490-2210

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alliance of Resident Theatres/New York, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Alliance of Resident Theatres/New York, Inc. (a not-for-profit corporation) (the "Organization") and ART/NY Holdings LLC (the "Subsidiary"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization and Subsidiary's preparation and fair presentation of the consolidated 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 and Subsidiary'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alliance of Resident Theatres/New York, Inc. and Subsidiary as of June 30, 2014 and 2013, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fried and Kowgios Partners CPA's LLP

New York, New York
October 22, 2014

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	2014						2013					
	UNDESIGNATED	BOARD - DESIGNATED	TOTAL UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNDESIGNATED	BOARD - DESIGNATED	TOTAL UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Assets (Note 10b)												
Current Assets												
Cash and cash equivalents (Notes 1c, 3 and 4a)	$ 323,130	$ 896,888	$ 1,220,018	$ 391,604	$ -	$ 1,611,622	$ 123,903	$ 934,558	$ 1,058,461	$ 712,500	$ -	$ 1,770,961
Investments (Notes 1d, 1e and 4b)	10,462	-	10,462	631,831	-	642,293	244,547	-	244,547	-	-	244,547
Investment in LLC (Notes 1d, 1e and 8)	9,436	-	9,436	-	-	9,436	26,166	-	26,166	-	-	26,166
Accounts receivable and other current assets	13,468	-	13,468	-	-	13,468	71,826	-	71,826	-	-	71,826
Unconditional promises to give (Notes 1f and 5)	62,266	-	62,266	589,744	-	652,010	126,508	-	126,508	600,000	-	726,508
Current portion of notes receivable (Note 6)	198,464	21,895	220,359	-	376,686	597,045	120,210	16,572	136,782	-	406,686	543,468
Total Current Assets	617,226	918,783	1,536,009	1,613,179	376,686	3,525,874	713,160	951,130	1,664,290	1,312,500	406,686	3,383,476
Long-term portion of notes receivable (Note 6)	-	38,217	38,217	-	-	38,217	-	55,870	55,870	-	-	55,870
Unconditional promises to give (Notes 1f and 5)	-	-	-	866,672	-	866,672	-	-	-	856,925	-	856,925
Property and equipment, at cost, net of accumulated depreciation and amortization (Notes 1g and 7)	4,589,714	-	4,589,714	-	-	4,589,714	4,855,887	-	4,855,887	-	-	4,855,887
Construction in progress (Note 7)	1,933,106	-	1,933,106	-	-	1,933,106	1,772,548	-	1,772,548	-	-	1,772,548
Security deposits	117,000	-	117,000	-	-	117,000	117,000	-	117,000	-	-	117,000
Total Assets	$ 7,257,046	$ 957,000	$ 8,214,046	$ 2,479,851	$ 376,686	$ 11,070,583	$ 7,458,595	$ 1,007,000	$ 8,465,595	$ 2,169,425	$ 406,686	$ 11,041,706
Liabilities and Net Assets												
Liabilities												
Current Liabilities												
Accounts payable and accrued expenses	$ 65,800	$ -	$ 65,800	$ -	$ -	$ 65,800	$ 94,306	$ -	$ 94,306	$ -	$ -	$ 94,306
Deferred revenue (Note 1i)	41,915	-	41,915	-	-	41,915	12,594	-	12,594	-	-	12,594
Deferred rent credit (Note 9)	40,278	-	40,278	-	-	40,278	53,732	-	53,732	-	-	53,732
Funds held as fiscal agent	-	-	-	-	-	-	3,994	-	3,994	-	-	3,994
Total Current Liabilities	147,993	-	147,993	-	-	147,993	164,626	-	164,626	-	-	164,626
Security deposits payable	169,335	-	169,335	-	-	169,335	160,984	-	160,984	-	-	160,984
Deferred rent credit (Note 9)	1,557,630	-	1,557,630	-	-	1,557,630	1,532,363	-	1,532,363	-	-	1,532,363
Total Liabilities	1,874,958	-	1,874,958	-	-	1,874,958	1,857,973	-	1,857,973	-	-	1,857,973
Commitments and contingencies (Note 10)												
Net Assets												
Unrestricted												
Property and equipment and construction in progress, net	6,522,820	-	6,522,820	-	-	6,522,820	6,628,435	-	6,628,435	-	-	6,628,435
Deferred rent credit (Note 9)	(1,597,908)	-	(1,597,908)	-	-	(1,597,908)	(1,586,095)	-	(1,586,095)	-	-	(1,586,095)
Board-designated (Note 2a)	-	957,000	957,000	-	-	957,000	-	1,007,000	1,007,000	-	-	1,007,000
Undesignated	457,176	-	457,176	-	-	457,176	558,282	-	558,282	-	-	558,282
Total Unrestricted	5,382,088	957,000	6,339,088	-	-	6,339,088	5,600,622	1,007,000	6,607,622	-	-	6,607,622
Temporarily Restricted (Note 2b)	-	-	-	2,479,851	-	2,479,851	-	-	-	2,169,425	-	2,169,425
Permanently Restricted (Note 2c)	-	-	-	-	376,686	376,686	-	-	-	-	406,686	406,686
Total Net Assets	5,382,088	957,000	6,339,088	2,479,851	376,686	9,195,625	5,600,622	1,007,000	6,607,622	2,169,425	406,686	9,183,733
Total Liabilities and Net Assets	$ 7,257,046	$ 957,000	$ 8,214,046	$ 2,479,851	$ 376,686	$ 11,070,583	$ 7,458,595	$ 1,007,000	$ 8,465,595	$ 2,169,425	$ 406,686	$ 11,041,706

See notes to consolidated financial statements.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014						2013					
	UNDESIGNATED	BOARD-DESIGNATED	TOTAL UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNDESIGNATED	BOARD-DESIGNATED	TOTAL UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Operating Activities												
Public Support and Other Revenue												
Public Support (Note 1f)												
Government	$ 299,401	$ -	$ 299,401	$ -	$ -	$ 299,401	$ 291,800	$ -	$ 291,800	$ -	$ -	$ 291,800
Foundations	361,750	-	361,750	525,445	-	887,195	611,750	-	611,750	566,972	-	1,178,722
Corporations	26,050	-	26,050	-	-	26,050	12,800	-	12,800	10,000	-	22,800
Individuals	87,020	-	87,020	-	-	87,020	76,469	-	76,469	-	-	76,469
Fundraising benefits	262,913	-	262,913	-	-	262,913	240,215	-	240,215	-	-	240,215
Less: Direct costs of fundraising benefits	(29,720)	-	(29,720)	-	-	(29,720)	(25,952)	-	(25,952)	-	-	(25,952)
Donated services (Note 11)	14,991	-	14,991	-	-	14,991	18,031	-	18,031	-	-	18,031
Net assets released from restrictions												
Foundations	444,500	-	444,500	(444,500)	-	-	92,500	-	92,500	(92,500)	-	-
Corporations	10,000	-	10,000	(10,000)	-	-	28,000	-	28,000	(28,000)	-	-
Net transfers (Note 2a)	50,000	(50,000)	-	-	-	-	50,000	(50,000)	-	-	-	-
Total Public Support	1,526,905	(50,000)	1,476,905	70,945	-	1,547,850	1,395,613	(50,000)	1,345,613	456,472	-	1,802,085
Loan interest and fees (Note 6)	25,694	-	25,694	-	-	25,694	42,054	-	42,054	-	-	42,054
Membership dues	94,615	-	94,615	-	-	94,615	95,981	-	95,981	-	-	95,981
Equity in net income (Note 8)	33,297	-	33,297	-	-	33,297	33,371	-	33,371	-	-	33,371
Rental income (Notes 1i and 10d)	1,142,356	-	1,142,356	-	-	1,142,356	1,152,549	-	1,152,549	-	-	1,152,549
Reimbursed tenant expenses (Notes 1i and 10d)	162,480	-	162,480	-	-	162,480	159,704	-	159,704	-	-	159,704
Investment income (Notes 1e and 4c)	1,305	-	1,305	-	-	1,305	1,279	-	1,279	-	-	1,279
Miscellaneous income	900	-	900	-	-	900	1,000	-	1,000	-	-	1,000
Total Public Support and Other Revenue	2,987,552	(50,000)	2,937,552	70,945	-	3,008,497	2,881,551	(50,000)	2,831,551	456,472	-	3,288,023
Expenses												
Program Services	2,728,109	-	2,728,109	-	30,000	2,758,109	2,698,076	-	2,698,076	-	55,000	2,753,076
Supporting Services												
Management and General	202,216	-	202,216	-	-	202,216	240,648	-	240,648	-	-	240,648
Fundraising	293,986	-	293,986	-	-	293,986	264,111	-	264,111	-	-	264,111
Total Supporting Services	496,202	-	496,202	-	-	496,202	504,759	-	504,759	-	-	504,759
Total Expenses	3,224,311	-	3,224,311	-	30,000	3,254,311	3,202,835	-	3,202,835	-	55,000	3,257,835
Increase (Decrease) in Net Assets Before Capital Activities (carried forward)	(236,759) *	(50,000)	(286,759)	70,945	(30,000)	(245,814)	(321,284) *	(50,000)	(371,284)	456,472	(55,000)	30,188

* Includes depreciation expense of $270,498 (2014) and $288,528 (2013)

See notes to consolidated financial statements.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014						2013					
	UNDESIGNATED	BOARD-DESIGNATED	TOTAL UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNDESIGNATED	BOARD-DESIGNATED	TOTAL UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Increase (Decrease) in Net Assets Before Capital Activities (brought forward)	$ (236,759)	$ (50,000)	$ (286,759)	$ 70,945	$ (30,000)	$ (245,814)	$ (321,284)	$ (50,000)	$ (371,284)	$ 456,472	$ (55,000)	$ 30,188
Capital Activities												
Government	-	-	-	20,913	-	20,913	-	-	-	-	-	-
Foundations	-	-	-	200,000	-	200,000	125,000	-	125,000	150,000	-	275,000
Individuals	-	-	-	122,584	-	122,584	-	-	-	1,170,394	-	1,170,394
Donated services (Note 11)	34,492	-	34,492	-	-	34,492	221,606	-	221,606	-	-	221,606
Investment income (Notes 1e and 4c)	-	-	-	20,984	-	20,984	-	-	-	-	-	-
Fundraising capital expenses	(141,267)	-	(141,267)	-	-	(141,267)	(158,774)	-	(158,774)	-	-	(158,774)
Net assets released from restrictions												
Foundations	125,000	-	125,000	(125,000)	-	-	-	-	-	-	-	-
Total Capital Activities	18,225	-	18,225	239,481	-	257,706	187,832	-	187,832	1,320,394	-	1,508,226
Increase (Decrease) in Net Assets	(218,534)	(50,000)	(268,534)	310,426	(30,000)	11,892	(133,452)	(50,000)	(183,452)	1,776,866	(55,000)	1,538,414
Net assets, beginning of year	5,600,622	1,007,000	6,607,622	2,169,425	406,686	9,183,733	5,734,074	1,057,000	6,791,074	392,559	461,686	7,645,319
Net Assets, End of Year	$ 5,382,088	$ 957,000	$ 6,339,088	$ 2,479,851	$ 376,686	$ 9,195,625	$ 5,600,622	$ 1,007,000	$ 6,607,622	$ 2,169,425	$ 406,686	$ 9,183,733

See notes to consolidated financial statements.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash Flows From Operating and Capital Activities		
Increase in net assets	$ 11,892	$ 1,538,414
Adjustments to reconcile change in net assets to net cash provided by operating and capital activities:		
Depreciation	270,498	288,528
Deferred rent credit	11,813	52,291
Change in loan loss reserve	30,000	55,000
Donated capital legal and design consulting	(34,492)	(221,606)
Equity in net income	(33,297)	(33,371)
Unrealized (gain) loss on investments	(16,349)	861
Realized loss on sale of investments	336	-
Donated securities	(10,000)	-
Reinvested interest	-	(408)
(Increase) decrease in:		
Accounts receivable and other current assets	58,358	(3,579)
Unconditional promises to give	64,751	(1,121,224)
Increase (decrease) in:		
Accounts payable and accrued expenses	(28,506)	54,140
Deferred revenue	29,321	(5,009)
Funds held as fiscal agent	(3,994)	(2,905)
Security deposits payable	8,351	(8,504)
Net Cash Provided By Operating and Capital Activities	358,682	592,628
Cash Flows From Investing Activities		
Repayments of loans by members	1,058,576	1,501,039
Loans made to members	(1,124,500)	(1,055,504)
Purchase of investments	(619,756)	(245,000)
Proceeds from sale of investments	248,023	-
Purchase of property and equipment	(4,325)	(39,340)
Purchase of construction in progress	(126,066)	(91,352)
Distribution from LLC	50,027	35,683
Net Cash Provided (Used) By Investing Activities	(518,021)	105,526
Net increase (decrease) in cash and cash equivalents	(159,339)	698,154
Cash and cash equivalents, beginning of year	1,770,961	1,072,807
Cash and Cash Equivalents, End of Year	$ 1,611,622	$ 1,770,961
Supplemental Non-cash Information:		
Donated capital legal and design consulting capitalized	$ 34,492	$ 221,606

See notes to consolidated financial statements.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Alliance of Resident Theatres/New York, Inc. (the "Organization") is a not-for-profit organization incorporated under the laws of New York State. Since 1972, the Organization has provided vital support to New York City's not-for-profit community, including:

I. Space Programs:

- Spaces at 520: The Organization leases a 26,000 square feet floor located at 37th Street and 8th Avenue in Manhattan and provides below-market rate office space to 20 member companies and hourly studio space to members at discount rates and to non-members.
- South Oxford Space: The Organization owns a 19,000 square foot building on South Oxford Street in Fort Greene, Brooklyn and provides below-market rate office space to 20 member companies and hourly studio space to members at discount rates and to non-members.
- ART/New York Theatres: The Organization leases a 15,000 square foot space at 53rd Street and 10th Avenue in Manhattan. Scheduled to open in 2016, the facility will provide two fully-equipped theatre spaces to members at below-market rates.

II. Funding Programs:

- Fund for Small Theatres Regrants – Program was inactive in fiscal year 2013
- Edith Luytens and Norman Bel Geddes Design Enhancement Regrants
- Nancy Quinn Fund Grants
- Creative Space Grants
- The Bridge Loan Fund
- The Elizabeth Steinway Chapin Real Estate Loan Fund

III. Training and Connection Programs:

- The Nancy Quinn Technical Assistance Program provides educational workshops for members to learn from each other and from professional arts consultants.
- The Harold and Mimi Steinberg Theatre Leadership Program provides members with one-on-one consulting support through times of transition.
- Colleague Roundtables provide opportunities for members to meet with their colleagues in an informal and confidential setting.
- Member Events and Curtain Call with keynote address and Local Hero Awards where member companies honor small businesses who support them in achieving their creative potential.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

a - Organization (continued)

III. Training and Connection Programs (continued):

- Advocacy Services provides local and state elected officials with important information about the needs of member organizations.
- Intern Program through the Intern Fair and Intern E-File connects member companies with interns who have a deep interest in theatre.
- ArtsPool is a new agency being developed to provide an administrative infrastructure for multiple non-profit arts groups.

The accompanying consolidated financial statements include the accounts of Alliance of Resident Theatres/New York, Inc. and its wholly owned Subsidiary, ART/NY Holdings LLC (the “Subsidiary”). The Subsidiary was formed on August 29, 2011 as a New York State limited liability company. The Subsidiary was formed to become a partner with Signature Theatre Company, Inc. (a New York not-for-profit organization), with the Organization having a minority interest (5%) in Signature Center LLC (the "LLC"). The Subsidiary reflects the investment in the LLC under the cost method of accounting since the Subsidiary has a minority interest and does not have control over the operations. All intercompany balances and transactions have been eliminated upon consolidation.

The LLC was formed to take advantage of low cost financing through U.S. Treasury's New Markets Tax Credit Program (NMTC) towards the creation of the new Signature Center. The Signature Center is a new mixed-use development located in mid-town Manhattan. The LLC has a 99-year ground lease with Signature Theatre Company, Inc. Signature Theatre Company, Inc. has leased the condo back for 25 years and operates the space as a theatre and as part of its usual operations. Proceeds from the NMTC transaction will be used to pay for this lease as well as other expenses.

b - Basis of Accounting

The consolidated financial statements of the Organization and Subsidiary have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

c - Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

d - Fair Value Measurements

The Organization and Subsidiary reflect fair value using an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies (continued)

d - Fair Value Measurements (continued)

Fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels. Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization and Subsidiary.

Unobservable inputs reflect the assumptions developed by the Organization and Subsidiary based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3. An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets and liabilities.

The Organization's operating investments are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values. The Organization's investment in the LLC is classified within Level 2 of the fair value hierarchy. Fair value is determined using financial statements prepared by independent sources based on the net worth of the LLC. Fair value for the future cash flow is uncertain, therefore not reflected.

e - Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Alternative investments (nontraditional, not readily marketable vehicles), some of which are structured so that the Organization holds limited partnership interests, hedge funds, and commingled funds, are stated at estimated fair value based on net asset values provided by the investment managers. Individual investment holdings within the alternative investments may be invested in both publicly traded securities and less liquid securities, which are valued by the investment managers after considering pertinent factors. The Organization reviews and evaluates methods and assumptions used in determining the net asset values of the alternative investments. The Organization believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2014 and 2013. Because alternative investments do not have readily determinable market values, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed, and such difference could be material.

The Subsidiary's investment in the LLC represents less than a 20% capital interest and is recorded at cost as the investment is nontransferable and is not traded on the open market thereby precluding any current market valuation.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies (continued)

f - Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

g - Property and Equipment

Property and equipment acquired are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of $1,000. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Building, equipment and furniture are being depreciated over the useful life of the related asset using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are being amortized over the shorter of the lease term or useful life.

h - Financial Statement Presentation

The Organization presents its consolidated financial statements according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. Unrestricted net assets are not subject to donor-imposed stipulations.

i - Revenue Recognition and Deferred Revenue

Rental income is earned monthly based on the terms of the tenant's lease or upon the satisfaction of the terms of short-term leases. Reimbursed tenant expenses are recorded once the Organization has incurred the expenses and identified as a tenant reimbursable expense. Advanced rent is reflected as deferred revenue until the terms of the rental agreement have been satisfied. Membership dues are also reflected as deferred revenue and recognized in the period to which the fees relate.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies (continued)

j - Grants and Awards
Grants are recorded as expenses at the time the recipient accepts the award and are generally payable within one year.

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

l - Tax Status and Uncertain Tax Positions
The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and Section 402 of the Not-for-Profit Corporation Law in New York State, and has been designated as an organization which is not a private foundation. The Organization's Form 990, *Return of Organizations Exempt from Income Tax,* for the years ended June 30, 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed. The Subsidiary is a single-member limited liability company, therefore, not recognized as a separate entity for tax purposes, all activity is consolidated with the Organization for federal and state purposes. The Organization and Subsidiary believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements.

Note 2 - Restrictions on Net Assets

a) Board-designated net assets consist of The Elizabeth Steinway Chapin Real Estate Loan Fund (the "Chapin Fund"). The Chapin Fund provides loans of up to $200,000 for major real estate acquisitions and renovations, upgrades to bring theatres into code compliance, and improvements to maximize energy efficiency. The reserve for loan losses under the Chapin Fund was $45,000 as of June 30, 2014 and 2013.

During the years ended June 30, 2014 and 2013, the board approved $50,000 of transfers to be used for Nancy Quinn Fund Grants in each year.

b) Temporarily restricted net assets are contributions either pledged or received by June 30 that are subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. Temporarily restricted net assets are designated for the following purposes as of June 30:

	2014	2013
Rental Subsidy and Facility Maintenance Fund (Note 10e)	$ 1,517,977	$ 1,195,393
Future Year Operations	715,945	635,000
ART/NY Theatres (Note 10e)	224,945	329,032
Investment income (Notes 4c and 10e)	20,984	-
The Nancy Quinn Technical Assistance Program Fund	-	10,000
Temporarily Restricted Net Assets	$ 2,479,851	$ 2,169,425

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 2 - Restrictions on Net Assets (continued)

c) Permanently restricted net assets consist of The Andrew W. Mellon Bridge Fund Finance and Cash Flow Program (the "Mellon Fund"). The Mellon Fund was established to provide short-term financing in the form of lines of credit or bridge loans of up to $50,000 for eligible member theatres. The reserve for loan losses under the Mellon Fund as of June 30, 2014 and 2013 was $375,000 and $345,000, respectively.

See Note 6 for notes receivable outstanding for each fund as of June 30, 2014 and 2013. The loans are issued to certain member groups of the Organization. Certain officers of those member groups are also officers of the Organization. The officers do not control their individual organizations and must recuse themselves from any meetings where transactions are discussed relative to their individual organizations.

Note 3 - Concentration of Credit Risk

The Organization's cash and cash equivalents are held at various financial institutions located in New York, NY. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. At June 30, 2014, the Organization's uninsured cash balances totaled $1,083,835. The Organization maintains investment balances in two financial institutions. The balance at only one of the institutions is insured by the Securities Investor Protection Corporation ("SIPC") up to $500,000 per customer. The SIPC does not protect investors from market risk. At June 30, 2014, the Organization's uninsured investment balances totaled $631,831.

Note 4 - Cash, Cash Equivalents and Investments

a) Fair Value of Financial Instruments
The fair value and carrying amount of the Organization's cash and short-term investments as of June 30, 2014 and 2013 was $1,611,622 and $1,770,961, respectively. Cash and short-term investments carrying amount approximates fair value because of the short maturities of those investments.

b) Fair Values Measured on Recurring Basis
Fair values of assets measured on a recurring basis at June 30, 2014 and June 30, 2013 consist of fixed income, equity, hedge funds and real estate funds (all of which are Level 1 measurements that are carried at fair value based on quoted market prices in active markets). The fair value and quoted prices in active markets for identical assets for investments as of June 30, 2014 and 2013 was $642,293 and $244,547, respectively. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Alternative investments represent limited partnership and similar interests in funds that invest in public and private securities and follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 4 - Cash, Cash Equivalents and Investments (continued)

b) Fair Values Measured on Recurring Basis (continued)

Investments consist of the following at June 30:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Fixed income	$ 324,108	$ 323,857	$ 245,408	$ 244,547
Equities	217,966	232,094	-	-
Hedge funds	70,500	71,374	-	-
Real estate funds	14,231	14,968	-	-
	$ 626,805	$ 642,293	$ 245,408	$ 244,547

c) Investment Income

Investment income consists of the following at June 30:

	2014	2013
Unrealized gain (loss) on investments	$ 16,349	$ (861)
Interest and dividend income	6,276	2,140
Realized loss on sale of investments	(336)	-
	$ 22,289	$ 1,279

The percentage allowed to be utilized toward the Organization's operations within the Organization's investment policy is 4.5-5% of the principal. Any net excess in investment earnings over the spending policy is reflected within temporarily restricted net assets as in compliance with The Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Investment income earned on the Rental Subsidy and Facility Maintenance funds are restricted until the new location is open. For the year ended June 30, 2014, $20,984 of investment income earned on these funds have been reflected within temporarily restricted net assets (Notes 2b and 10e).

Note 5 - Unconditional Promises to Give

When estimating fair value of unconditional promises to give, management considers the relationships with donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into present value techniques. The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue. Uncollectible promises are expected to be insignificant. Unconditional promises to give to be received after one year are discounted at a rate of 5%.

Unconditional promises to give are due as follows at June 30:

	2014	2013
Due during the year ending June 30, 2014	$ -	$ 726,508
" " " " " June 30, 2015	652,010	477,445
" " " " " June 30, 2016	488,000	252,500
" " " " " June 30, 2017	485,500	250,000
" " " " " June 30, 2018	5,500	-
	1,631,010	1,706,453
Less: discount for present value	(112,328)	(123,020)
	$ 1,518,682	$ 1,583,433

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 6 - Notes Receivable

Notes receivable consist of the following as of June 30:

	2014	2013
Bridge loans	$ 947,310	$ 869,055
Capital financing	107,952	120,283
Total	1,055,262	989,338
Less: loan loss reserve	(420,000)	(390,000)
	$ 635,262	$ 599,338

The bridge loans are secured by specific receivables. The capital financing provides for long-term financing with similar terms as mortgage financing. Interest is due and payable on all loans monthly at interest rates ranging from 3.25-8.25% annually. The Organization also charges loan application fees. Loans for under $2,500 have no application fee; loans between $2,500 and $15,000 have a fee of $50; and loans of over $15,000 have an application fee of $100. The Organization fully reserves against interest not paid. The Organization files a lien against the debtor's collateral for capital financing. Based on additional history of the members' collections on notes receivable, the Organization increased the reserve during the years ended June 30, 2014 and 2013 in the amount of $30,000 and $55,000, respectively.

Notes receivable are due as follows as of June 30:

		2014	2013
For the year ending	June 30, 2014	$ -	$ 543,468
" " " "	June 30, 2015	597,045	17,653
" " " "	June 30, 2016	18,803	18,803
" " " "	June 30, 2017	19,414	19,414
Total		$ 635,262	$ 599,338

Note 7 - Property and Equipment and Construction in Progress

Property and equipment consist of the following at June 30:

	Life in Years	2014	2013
Land	n/a	$ 225,000	$ 225,000
Building and improvements	39	4,031,607	4,028,482
Leasehold improvements	Life of lease	3,050,046	3,215,044
Equipment	3-5	73,944	196,705
Furniture and fixtures	5-7	17,185	56,273
Website development	3	-	20,000
Organization costs	15	20,394	20,394
		7,418,176	7,761,898
Less: accumulated depreciation and amortization		(2,828,462)	(2,906,011)
		$ 4,589,714	$ 4,855,887

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was $270,498 and $288,528, respectively.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 7 - Property and Equipment and Construction in Progress (continued)

The Organization has the following capital projects in the development stages as of June 30:

	2014	2013
ART/NY Theatres (Note 10e)	$ 1,688,756	$ 1,591,557
South Oxford (Note 10g)	244,350	180,991
Total	$ 1,933,106	$ 1,772,548

The Organization has leased space to develop rental theatre spaces for members, known as ART/NY Theatres. During the year ended June 30, 2014, the Organization capitalized $97,199 of costs associated with the construction and design of its new spaces (see Note 10e). As of June 30, 2013, the Organization had capitalized $1,591,557. The Organization is in the second stage of renovations at the South Oxford space (see Note 10g). During the year ended June 30, 2014, the Organization capitalized $63,359 of costs associated to the design fees of the space. As of June 30, 2013, the Organization had capitalized $180,991.

Note 8 - Investment in Limited Liability Company

The investment in the Subsidiary is reflected as Level 2 of the fair value hierarchy. The investment is reflected under the cost method since the ownership is not transferrable. The Organization does not have control over any management or operational decisions. The Subsidiary's June 30, 2014 investment in the LLC is based on the audited financial statements for the year ended December 31, 2013 and internal reports for the six months ended June 30, 2014. The Subsidiary's June 30, 2013 investment in the LLC is based on the audited financial statements for the year ended December 31, 2012 and internal reports for the six months ended June 30, 2013. The Subsidiary's distributions from the LLC for the years ended June 30, 2014 and 2013 were $50,027 and $35,683, respectively. After seven years, Signature Theatre Company, Inc. may, at its sole discretion, elect to purchase the Subsidiary's member interest for the then fair value plus any income and/or transfer taxes that maybe imposed on either the Organization or Subsidiary in connection with the sale of its membership interest and withdrawal from the LLC.

Note 9 - Deferred Rent Credit

The Organization has reflected the variance between actual lease payments provided under operating leases and the straight-line amortization of those leases for financial statement purposes. The balance of the cumulative variance or deferred rent credit as of June 30, 2014 and 2013 was $1,597,908 and $1,586,095, respectively. The net adjustment to properly reflect the deferred rent credit for the years ended June 30, 2014 and 2013 was $11,813 and $52,291, respectively. The financial statements amortize any free rent period over the life of the lease.

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 10 - Commitments and Contingencies

a) Government supported programs are subject to audit by the granting agency.

b) In June 2012, the Organization entered into a commercial line of credit with JP Morgan Chase Bank (the "Bank") in the amount of $400,000. Interest will accrue and be payable monthly on any amounts drawn at an annual rate of interest at the LIBOR plus 3.511 (rate of 3.74% as of June 30, 2014). Principal drawn under the line of credit will be due February 1, 2015. The Organization provided security for the line of credit with all assets of the Organization and maintains all of its primary accounts at the Bank. There were no outstanding amounts under the line of credit as of June 30, 2014 and 2013.

c) The Organization leases office space at 520 8th Avenue in New York City under a non-cancelable operating lease that provides for approximate minimum annual rental payments as follows as of June 30, 2014:

For the year ending	June 30, 2015	$ 836,111
" " " "	June 30, 2016	904,445
" " " "	June 30, 2017	951,556
" " " "	June 30, 2018	978,666
" " " "	June 30, 2019	994,667
Thereafter, through November 2022		3,957,225
Total		$ 8,622,670

Rent, real estate tax and utilities expense for the years ended June 30, 2014 and 2013 was $1,018,857 and $1,040,876, respectively.

d) The Organization leases and sub-leases spaces at 520 8th Avenue and South Oxford to the not-for-profit theatre community under non-cancelable operating leases that provide for approximate minimum rental receipts as follows as of June 30, 2014:

For the year ending	June 30, 2015	$ 839,051
" " " "	June 30, 2016	567,513
" " " "	June 30, 2017	359,001
" " " "	June 30, 2018	127,721
Total		$ 1,893,286

The leases and sub-leases are entered into with certain member groups of the Organization. Certain officers of those member groups are also officers of the Organization. Rental income including reimbursement for real estate tax and utilities for the years ended June 30, 2014 and 2013 was $1,304,836 and $1,312,253, respectively.

Note 10 - Commitments and Contingencies (continued)

e) The Organization signed a lease, dated April 1, 2008, to pursue the development of theatrical spaces in a public-private housing development project in the Clinton section of Manhattan. The Organization will occupy one space within the building with two other not-for-profit theatrical organizations occupying the remaining space in the building. The Organization's total design and construction budget is estimated at $14.8 million. Funding of $14.4 million has been pledged to date by the City of New York Mayor's Office and the Manhattan Borough President and $400,000 from the New York State Assembly. A consultant has been hired and a planning committee has been formed to launch a campaign for three purposes: working capital funds for theatre start-up costs; Facility Maintenance Fund to support ongoing upkeep of all three of the Organization's facilities; and a Rental Subsidy Fund to ensure long-term, affordable rental rates for member companies.

The project is being managed by the New York City Department of Design and Construction (DDC) in collaboration with the New York City Department of Cultural Affairs (DCA) and the New York City Housing Preservation and Development. The DDC has spent $12,016 and $20,934 in construction costs and consulting fees for the years ended June 30, 2014 and 2013, respectively, which are included within construction in progress (see Note 7).

The DCA investment of capital funding obligates the Organization to operate the facility and/or maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes approved by the City.

The Organization believes that support of this program is essential because affordable theatre space is lacking in New York City. The project will expand the Organization's office and rehearsal space services to include below-market theatre space for performances. As of June 30, 2014, the Organization has raised $575,000 in cumulative contributions of which $350,055 has been spent towards consulting fees and other related expenses with the balance of $224,945 reflected within temporarily restricted net assets (Note 2b).

The lease will expire on March 31, 2107. The Organization will pay and reimburse the landlord for all operating expenses, which was $46,362 as of June 30, 2014, subject to consumer price index increases, rent adjustments and reserve adjustments.

The rent commenced on April 1, 2010 and is being reflected within construction in progress since the Organization is not occupying the space. The Organization is also expected to incur common costs shared by three organizations. The theatre is in the final stage of design. Construction documents were completed in fall 2012 and construction is estimated to begin in fall 2014. The venue opening is estimated for 2016.

In spring 2012, the Organization began a fundraising campaign to establish two new funds: a $3 million Facility Maintenance Fund to support all three ART/New York facilities and a $5.3 million Rental Subsidy Fund to ensure long-term affordable member rental rates for the new theaters.

Note 10 - Commitments and Contingencies (continued)

e) (continued)
As of June 30, 2014, the Organization has raised $1,517,977 in contributions towards these funds which is reflected within temporarily restricted net assets (Note 2b). As of June 30, 2014, $684,950 of these contributions are held in investments and cash and cash equivalents accounts and $833,027 are recorded in unconditional promised to give. The Organization has established a spending policy for these investments (see Note 4c). All investment income earned is reinvested and reflected within temporarily restricted net assets. The amount used each year will be based on anticipated annual operating shortfalls. Funds will be released for facility capital projects and to subsidize rentals when the theatres open.

During the year ended June 30, 2013, the Organization received a conditional $37,500 grant from a charitable fund. Since the grant is conditional, it has not been recorded.

The lease provides for minimum annual rental payments as follows as of June 30, 2014:

For the year ending June 30, 2015	$ 48,090
" " " " June 30, 2016	49,292
" " " " June 30, 2017	50,525
" " " " June 30, 2018	51,788
" " " " June 30, 2019	53,083
Thereafter, through March 2107	16,941,346
Total	$ 17,194,124

f) As stated in Note 8, the Subsidiary is a member of a limited liability company. The Subsidiary's liability is limited to its capital balance. Signature Theatre Company, Inc. has indemnified the Organization and Subsidiary.

g) The first stage of South Oxford Space renovation project was completed in November 2011. All construction costs were covered by $1.5 million granted by New York City government agencies. The second stage of the renovations began in spring 2013. The Organization's project is anticipated to cost approximately $950,000 with the expectation that a substantial amount of the design and construction costs will be covered by the City of New York utilizing budget allocations from the Mayor's Office and City Council of approximately $700,000. The remaining $250,000 will be raised and/or will come from the Facility Maintenance Fund (Note 10e). The DDC has spent $652 and $171,259 in construction costs and consulting fees for the years ended June 30, 2014 and 2013, respectively, which is included within construction in progress (see Note 7).

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 11 - Donated Services

The Organization received donated services during the years ended June 30, 2014 and 2013 in support of its programs and capital projects. The fair market value has been recorded in the accompanying consolidated financial statements. Donated services for the years ended June 30 were as follows:

	2014	2013
Legal services - ART/NY Theatres	$ 21,824	$ 29,413
Audit, tax and consulting services	14,991	17,631
Construction and design fees - ART/NY Theatres (Notes 7 and 10e)	12,016	20,934
Construction and design fees - South Oxford (Notes 7 and 10g)	652	171,259
Other	-	400
Total	49,483	239,637
Less: amounts capitalized	(34,492)	(221,606)
Donated services	$ 14,991	$ 18,031

Note 12 - Employee Benefit Plan

The Organization has a 401k salary deferral plan covering substantially all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. There were no contributions made for the years ended June 30, 2014 and 2013.

Note 13 - Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Note 14 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 22, 2014, the date which the financial statements were available to be issued.

CONSOLIDATED SUPPLEMENTAL INFORMATION

FK PARTNERS
FRIED AND KOWGIOS PARTNERS LLP

441 LEXINGTON AVENUE, NEW YORK, NY 10017 212-490-2200 FAX 212-490-2210

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED SUPPLEMENTAL INFORMATION

To the Board of Directors of
Alliance of Resident Theatres/New York, Inc. and Subsidiary

We have audited the consolidated financial statements of Alliance of Resident Theatres/New York, Inc. and Subsidiary as of and for the years ended June 30, 2014 and 2013, and have issued our report thereon dated October 22, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Schedule of Functional Expenses for the year ended June 30, 2014 with comparative totals for 2013 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Fried and Kowgios Partners CPA's LLP

New York, New York
October 22, 2014

ALLIANCE OF RESIDENT THEATRES/NEW YORK, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

		Supporting Services				2014	2013
	Program Expense	Management and General	Fundraising	Fundraising Capital	Total	Total Expenses	Total Expenses
Salaries, fringe benefits and payroll taxes	$ 886,356	$ 127,898	$ 246,446	$ -	$ 374,344	$ 1,260,700	$ 1,204,697
Advertising and promotion	2,009	1,001	50	-	1,051	3,060	5,122
Bad debt expense	30,000	-	-	-	-	30,000	65,000
Consultants and other professional fees	239,762	42,197	-	135,175	177,372	417,134	436,904
Facility maintenance and equipment lease	90,329	1,505	5,982	146	7,633	97,962	108,868
Information technology	29,672	-	-	-	-	29,672	18,732
Gala expenses (indirect)	-	-	18,652	-	18,652	18,652	13,662
Grants and awards	113,000	-	-	-	-	113,000	96,000
Insurance	39,017	180	360	-	540	39,557	41,169
Credit card processing and bank fees	27	13,741	-	-	13,741	13,768	9,298
Dues, subscription and registration fees	1,295	1,840	932	-	2,772	4,067	4,745
Investment fees	-	-	-	2,180	2,180	2,180	-
Meetings and conferences	2,662	1,662	300	259	2,221	4,883	4,591
Office supplies, printing and duplication	7,272	1,522	1,439	1,881	4,842	12,114	15,319
Postage and delivery	7,394	80	1,503	-	1,583	8,977	9,455
Rent, real estate tax and utilities	990,663	5,460	10,921	-	16,381	1,007,044	988,585
Rent expense amortization	11,813	-	-	-	-	11,813	52,291
Special events	13,719	-	3,510	1,350	4,860	18,579	16,313
Telephone, computers and internet	21,872	971	1,942	-	2,913	24,785	26,866
Travel and transportation	2,372	1,676	41	149	1,866	4,238	6,369
Miscellaneous	1,130	1,565	73	127	1,765	2,895	4,095
Total Expenses Before Depreciation	2,490,364	201,298	292,151	141,267	634,716	3,125,080	3,128,081
Depreciation	267,745	918	1,835	-	2,753	270,498	288,528
Total Expenses, 2014	$ 2,758,109	$ 202,216	$ 293,986	$ 141,267	$ 637,469	$ 3,395,578	
Total Expenses, 2013	$ 2,753,076	$ 240,648	$ 264,111	$ 158,774	$ 663,533		$ 3,416,609

See independent auditor's report on consolidated supplemental information.