



***FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2015 AND 2014***

## CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 27

## INDEPENDENT AUDITORS' REPORT

To The Board of Trustees  
Community Service Society of New York and Affiliates  
New York, New York

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

We have audited the accompanying consolidated financial statements of Community Service Society of New York and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, cash flows, and functional expenses 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 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from 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 auditors' 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 entity'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 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 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 Community Service Society of New York and Affiliates as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

The consolidated financial statements of Community Service Society of New York and Affiliates for the year ended June 30, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on October 29, 2014.

*Dorfman Abrams Music, LLC*

Saddle Brook, New Jersey

December 2, 2015

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(in thousands)

ASSETS

	June 30,	
	2015	2014 (restated)
Assets:		
Cash and cash equivalents	\$ 2,463	\$ 2,084
Investments	166,850	130,446
Government and other receivables, net	8,937	5,192
Prepaid and other assets	684	485
Beneficial interest in perpetual trusts	33,982	34,639
Investment in The United Charities	8,012	2,122
Property and equipment, net	32,478	1,804
	<u>253,406</u>	<u>176,772</u>
Total assets	<u>\$ 253,406</u>	<u>\$ 176,772</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 6,966	\$ 5,265
Accrued pension and post-retirement liability	8,526	9,173
Line of credit	21,700	
	<u>37,192</u>	<u>14,438</u>
Total liabilities	<u>37,192</u>	<u>14,438</u>
Net assets:		
Unrestricted:		
Undesignated	123,952	69,238
Board designated - general reserve	1,404	2,399
	<u>125,356</u>	<u>71,637</u>
Temporarily restricted	27,781	26,963
Permanently restricted	63,077	63,734
	<u>216,214</u>	<u>162,334</u>
Total net assets	<u>216,214</u>	<u>162,334</u>
Total liabilities and net assets	<u>\$ 253,406</u>	<u>\$ 176,772</u>

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNITY SERVICE SOCIETY AND AFFILIATES  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
*(in thousands)*

	Year ended June 30, 2015			Year ended June 30, 2014 (restated)				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenue and support:								
Government grants	\$ 13,538	\$	\$	\$ 13,538	\$ 8,461	\$	\$	\$ 8,461
Contributions	590	3,374		3,964	922	3,387		4,309
Bequests and trusts	29			29	47			47
Program fees and other revenue	441			441	188			188
Subscription and advertising income					94			94
Special events, net of expenses of \$107 in 2015	90			90				
Investment return used for operations, net	1,940	6,066		8,006	1,779	5,604		7,383
Net assets released from restrictions	9,096	(9,096)			10,432	(10,432)		
Total operating revenue and support	25,724	344		26,068	21,923	(1,441)		20,482
Operating expenses:								
Program services:								
Direct program services	18,491			18,491	13,325			13,325
Policy, research and advocacy	3,586			3,586	4,428			4,428
Public interest	843			843	1,013			1,013
Total program services	22,920			22,920	18,766			18,766
Supporting services:								
Management and general	4,179			4,179	4,579			4,579
Fundraising	1,036			1,036	961			961
Total supporting services	5,215			5,215	5,540			5,540
Total operating expenses	28,135			28,135	24,306			24,306
Deficit of operating revenue over operating expenses	(2,411)	344		(2,067)	(2,383)	(1,441)		(3,824)
Non-operating activities:								
Investment return in excess (deficiency) of amount used for operations, net	(3,574)	474	(657)	(3,757)	8,639	3,303		14,472
Gain from equity interest in The United Charities	60,718			60,718	32			32
Loss on disposition of property and equipment	(1,522)			(1,522)				
Total non-operating activities	55,622	474	(657)	55,439	8,671	3,303		14,504
Change in net assets before pension and post-retirement related charges	53,211	818	(657)	53,372	6,288	3,303		10,680
Pension and post-retirement related charges other than net periodic pension costs	508			508	(1,342)			(1,342)
Change in total net assets	53,719	818	(657)	53,880	4,946	3,303		9,338
Net assets, beginning of year, as previously reported	71,637	26,738	63,734	162,109	66,691	60,431		152,996
Prior period adjustment		225		225				
Net assets, beginning of year, as restated	71,637	26,963	63,734	162,334	66,691	60,431		152,996
Net assets, end of year	\$ 125,356	\$ 27,781	\$ 63,077	\$ 216,214	\$ 71,637	\$ 63,734	\$	\$ 162,334

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNITY SERVICE SOCIETY AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year ended June 30,	
	2015	2014 (restated)
Cash flows from operating activities:		
Change in net assets	\$ 53,880	\$ 9,338
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	297	284
Net realized and unrealized gain on investments	(1,582)	(15,323)
(Increase) decrease in beneficial interest in perpetual trusts	657	(3,303)
Gain on equity investment in The United Charities	(60,718)	(32)
Pension and post-retirement related changes other than net periodic pension cost	508	1,342
Bad debt expense	28	5
Loss on disposition of property and equipment	1,522	
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Government and other receivables	(3,773)	(1,970)
Prepaid and other assets	(199)	(162)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,701	2,868
Accrued pension and post-retirement liability	(1,155)	111
Net cash used by operating activities	<u>(8,834)</u>	<u>(6,842)</u>
Cash flows from investing activities:		
Purchase of investments	(117,323)	(183,468)
Proceeds from sale/maturity of investments	82,501	188,977
Distributions from The United Charities	54,828	
Purchases of property and equipment	(32,493)	(56)
Net cash provided (used) by investing activities	<u>(12,487)</u>	<u>5,453</u>
Cash flows from financing activities:		
New borrowings - line of credit	<u>21,700</u>	
Net cash provided by financing activities	<u>21,700</u>	
Net increase (decrease) in cash and cash equivalents	379	(1,389)
Cash and cash equivalents, beginning of year	<u>2,084</u>	<u>3,473</u>
Cash and cash equivalents, end of year	<u>\$ 2,463</u>	<u>\$ 2,084</u>

Supplemental Cash Flow Information

Cash paid for interest	<u>\$ 110</u>	<u>\$</u>
------------------------	---------------	-----------

Non-Cash Investing Activities

Disposition of fully depreciated property and equipment	<u>\$ 3,796</u>	<u>\$</u>
---	-----------------	-----------

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNITY SERVICE SOCIETY AND AFFILIATES  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
*(in thousands)*

Years Ended June 30, 2015 and 2014

	Program services expenses						
	Direct program services		Policy, research and advocacy		Public interest		Total
	2015	2014	2015	2014	2015	2014	
Salaries	\$ 5,566	\$ 4,347	\$ 1,474	\$ 1,787	\$ 334	\$ 554	\$ 6,688
Fringe benefits and payroll taxes	2,074	1,714	585	706	130	209	2,629
Total salaries and related expenses	7,640	6,061	2,059	2,493	464	763	9,317
Professional fees	9,030	5,537	1,185	1,532	168	114	10,383
Supplies	95	82	17	19	2	4	114
Telephone and communication	105	79	18	22	5	8	128
Postage and shipping	19	19	4	3	39	1	23
Occupancy	636	536	169	203	75	75	844
Insurance	7	7	16	14	6	6	27
Printing and other office expenses	9	9	12	11	5	7	27
Transportation	159	183	22	29	2	1	183
Conferences, conventions and meetings	179	258	29	34	13	21	221
Direct assistance	268	292	4	3	135	268	292
Support payments	98	77	14	14	1	1	80
Equipment rentals and expenses	27	27	37	51	9	12	42
Interest	28	5	37	51	9	12	28
Bad debt expense	191	153	37	51	9	12	237
Depreciation	191	153	37	51	9	12	237
Total expenses	<u>\$ 18,491</u>	<u>\$ 13,325</u>	<u>\$ 3,586</u>	<u>\$ 4,428</u>	<u>\$ 843</u>	<u>\$ 1,013</u>	<u>\$ 22,920</u>
							<u>\$ 18,766</u>

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNITY SERVICE SOCIETY AND AFFILIATES  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
*(in thousands)*

Years Ended June 30, 2015 and 2014

	Management and general		Supporting services expenses			Total program and supporting services expenses	
	2015	2014	2015	Fundraising	2014	2015	2014
Salaries	\$ 1,910	\$ 2,057	\$ 535	\$ 483	\$ 2,540	\$ 9,819	\$ 9,228
Fringe benefits and payroll taxes	917	1,270	210	194	1,464	3,916	4,093
Total salaries and related expenses	2,827	3,327	745	677	4,004	13,735	13,321
Professional fees	297	414	90	70	484	10,770	7,667
Supplies	20	37	2	3	40	136	145
Telephone and communication	87	79	2	3	82	217	191
Postage and shipping	10	8	61	75	83	94	106
Occupancy	255	202	61	59	261	1,160	1,075
Insurance	121	111			111	144	138
Printing and other office expenses	14	9	51	30	39	91	66
Transportation	99	113	1	5	118	283	331
Conferences, conventions and meetings	138	89	4	7	96	363	409
Direct assistance						268	292
Support payments						237	80
Equipment rentals and expenses	152	133	8	21	154	202	196
Interest	110				110	110	
Bad debt expense						28	5
Depreciation	49	57	11	11	68	297	284
Total operating expenses	\$ 4,179	\$ 4,579	\$ 1,036	\$ 961	\$ 5,540	\$ 28,135	\$ 24,306

The accompanying notes are an integral part of these consolidated financial statements.



# COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (in thousands)

June 30, 2015 and 2014

### 1. Summary of significant accounting policies

This summary of significant accounting policies of Community Service Society of New York (CSS) and its affiliated organizations: City Limits Magazine and CityLimits.Org (collectively referred to as City Limits); Institute for Community Empowerment (Institute); and Friends of R.S.V.P., Inc. (CSS and its affiliates are collectively referred to as the Society), is presented to assist in understanding the Society's consolidated financial statements. The consolidated financial statements and notes are representations of the Society's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as promulgated in *FASB Accounting Standards Codification* (the Codification) and have been consistently applied in the preparation of the consolidated financial statements.

#### History and objectives of the Society

CSS is a 501(c)(3) not-for-profit corporation operating under a Certificate of Consolidation granted by the State of New York in 1939, merging the New York Association for Improving the Condition of the Poor and The Charity Organization Society of the City of New York. It is a private, nonsectarian, voluntary social service agency. The mission of Community Service Society of New York is to identify problems which create a permanent poverty class in New York City, and to advocate the systemic changes required to eliminate such problems. CSS's primary goals are to advocate for better job opportunities to break the cycle of intergenerational poverty that particularly affects communities of color; promote policies and programs that advance the economic security of the poor and working poor; and promote health care reform as an essential strategy for alleviating barriers to employment and economic stability. City Limits is a high-quality publication covering urban issues in New York City. City Limits was acquired by CSS with the authorization of the Board with the goal of transitioning City Limits to an independent 501(c)(3) entity. This occurred on July 1, 2014 and City Limits is no longer affiliated with the Society. The Institute is a 501(c)(4) not-for-profit corporation which was established in November 1988 to perform certain electoral advocacy, research, and lobbying activities with other community-based organizations. Friends of R.S.V.P., Inc. is a 501(c)(3) private foundation created in 1986 as a fund-raising vehicle for the Retired and Senior Volunteer Program administered by CSS.

The primary sources of revenues are contributions, investment income and government grants.

#### Principles of consolidation

The consolidated financial statements include the accounts of CSS, City Limits (up to July 1, 2014), Institute and Friends of R.S.V.P., Inc. All material intercompany balances and transactions have been eliminated in consolidation.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

1. Summary of significant accounting policies (continued)

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Included in unrestricted net assets are board-designated funds of \$1,404 and \$2,399 as of June 30, 2015 and 2014, respectively.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on any related investments for general or specific purposes.

Cash and cash equivalents

Cash consists of demand deposit accounts which are highly liquid financial instruments with maturities of three months or less. Demand deposit accounts that are held in the Society's investment portfolio are classified as investments and are not considered to be cash for the purposes of the statement of cash flows.

Support and revenue

Contributions, including unconditional pledges, are recorded at fair value as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional pledges are recognized when the conditions on which they depend are substantially met. 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. However, if a restriction is fulfilled in the same accounting period the contribution is received, the Society reports the support as unrestricted.

Governmental support is reported in the year earned at net realized amounts for services rendered under reimbursement agreements. Rates under reimbursement agreements are subject to change based on subsequent review by funding agencies. Accordingly, contract support and grants are reported net of estimated retroactive adjustment of rates and may be adjusted in future periods, as final settlements are determined. Rate appeals may also be initiated by the Society; revenues from such appeals are recorded in the period such appeals are determined to be probable of collection. Funds received in periods prior to the cost being incurred are deferred until future periods.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

1. Summary of significant accounting policies (continued)

Donated services

The Society does not record contribution revenue for the donated services of volunteers, since such services primarily supplement the efforts of the Society's professional staff in providing its essential services. The activities of such volunteers include working with and providing assistance to the elderly and children of minority group families, providing legal and financial assistance to low-income families, serving on advisory committees, and assisting in fundraising activities.

Investment in The United Charities

Investment in The United Charities is recorded on the equity method.

Beneficial interest in perpetual trusts

The Society has beneficial interests in various perpetual trusts. The Society's interest in these trusts is reported as a contribution in the year received at their fair value. Changes in the fair value of the underlying assets are recognized in permanently restricted net assets on the statement of activities.

Allowance for uncollectible accounts and doubtful pledges

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of client balances by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. As of June 30, 2015 and 2014, management determined that no allowance for doubtful accounts was necessary.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value, based on quoted market prices, on the statement of financial position. The Society invests in various types of investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Society's consolidated financial statements. Investment fees are netted against the investment return.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

1. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost, if purchased, or if donated, at fair value at the date of gift, less accumulated depreciation. Property and equipment are depreciated on the straight-line basis over the following estimated useful lives:

Building	39 years
Computer and office equipment	7 years
Leasehold improvements	Term of the lease

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income. Expenditures for maintenance and repairs are charged to expense as incurred; replacements and betterments that extend the useful lives are capitalized.

Fair value of financial instruments

The carrying amounts reported on the consolidated statement of financial position of the Society approximate their fair value.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing various programs and support services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services based on management's best estimates.

Operating leases

Rent expense is recognized on the first day of each month for the current month. Operating leases have been recorded on the straight-line basis over the life of each lease.

Uncertain tax positions

As of June 30, 2015, management believes that based on evaluation of the Society's tax positions that any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in tax law, and new authoritative rulings to assist in evaluating the Society's tax positions. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of an income tax provision. Income tax returns are filed only with the U.S. federal jurisdiction as state and local tax returns are not applicable. U.S. federal income tax returns prior to fiscal year 2011 are closed.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

1. Summary of significant accounting policies (continued)

Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

2. Risks and uncertainties

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash, investments, and governmental and other receivables. The Society maintains its cash in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high quality financial institutions. Investment securities are exposed to various risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Concentration of credit risk with respect to receivables is limited due to the fact that they are mainly derived from governmental agencies and that pledges are received from established foundations and have short payment periods.

3. Government and other receivables

Receivables from government agencies of \$8,036 and \$4,540 at June 30, 2015 and 2014, respectively, primarily represent amounts owed by the U.S. Department of Health and Human Services for the New York State Establishment Exchange Grant, Navigator Program Grant, and ABD Healthcare Program Grant, from Corporation for National and Community Service for the RSVP Program, and from the New York State Department of Health ICAN Healthcare Program Grant and New York City DOHMH Harlem Healthcare Program Grant.

Other receivables of \$901 and \$652 at June 30, 2015 and 2014, respectively, primarily represent amounts owed by various beneficial trusts and private foundations.

All receivables are expected to be collected within one year.

4. Fair value measurements

The Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;

Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

4. Fair value measurements (continued)

An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Society. The Society considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Society's perceived risk of that investment.

The following is a description of the valuation methodologies used for assets measured at fair value.

**Money market funds, fixed-income securities and equities, and U.S. Government obligations** - Valued at the closing price reported on the active market on which the individual securities are traded.

**Commingled funds, structured debt fund, and real estate fund** - Valued at the net asset value (NAV) of shares held at year end as determined by the managers of the underlying funds.

**Alternative investment** - There are no observable inputs and certain of the underlying investments are not publicly traded and there is no secondary market for such funds. The funds are valued by the managers of the underlying funds at the NAV of shares held by CSS at year end or other pricing methodologies.

**Beneficial interest in perpetual trusts** - Beneficial interest in perpetual trusts is valued at fair value of the Society's beneficial interest in the fair value of underlying assets.

**Unallocated insurance contract** - The Community Service Society of New York Retirement Plan's investment contract with Metropolitan Life Insurance Company is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations, considering the creditworthiness of the issuer. Funds under the investment contract that have been allocated and applied to purchase annuities (that is, Metropolitan is obligated to pay the related pension benefits) are excluded from the Society's assets.

**Pooled separate accounts** - The pooled separate accounts are valued at the NAV of shares held by The Community Service Society of New York Retirement Plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

4. Fair value measurements (continued)

Investment securities are stated at fair value and are summarized as follows at June 30:

	2015		2014	
	Cost	Fair value	Cost	Fair value
Cash equivalents	\$ 85	\$ 85	\$ 351	\$ 351
Money market funds	9,131	9,131	582	583
Fixed income:				
U.S government and agency	12,721	12,716	13,352	13,413
Corporate bonds	9,118	9,063	7,848	7,910
Mutual funds:				
Equity	38,077	40,144	34,924	36,205
Fixed income	6,132	6,132	11,671	11,659
Alternative investment	15,529	14,786		
U.S. equity	35,515	37,866	29,190	30,877
Non U.S. equity	30,385	29,891	23,728	23,814
Alternative investment	6,190	6,517	5,000	5,061
Structured debt fund	257	519	299	573
	<u>\$ 163,140</u>	<u>\$ 166,850</u>	<u>\$ 126,945</u>	<u>\$ 130,446</u>

The classification of the Society's investment securities at fair value are as follows at June 30, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 85	\$	\$	\$ 85
Money market funds	9,131			9,131
Fixed income:				
U.S. government and agency	12,716			12,716
Corporate bonds	9,063			9,063
Mutual funds:				
Equity	40,144			40,144
Fixed income	6,132			6,132
Alternative investment			14,786	14,786
U.S. equity	37,866			37,866
Non U.S. equity	29,891			29,891
Alternative investment			6,517	6,517
Structured debt fund			519	519
	<u>145,028</u>		<u>21,822</u>	<u>166,850</u>
Beneficial interest in perpetual trust			<u>33,982</u>	<u>33,982</u>
	<u>\$ 145,028</u>	<u>\$</u>	<u>\$ 55,804</u>	<u>\$ 200,832</u>

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

4. Fair value measurements (continued)

	2014			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 351	\$	\$	\$ 351
Money market funds	583			583
Fixed income:				
U.S. government and agency	13,413			13,413
Corporate bonds	7,910			7,910
Mutual funds:				
Equity	36,205			36,205
Fixed income	11,659			11,659
Alternative investment				
U.S. equity	30,877			30,877
Non U.S. equity	23,814			23,814
Alternative investment			5,061	5,061
Structured debt fund			573	573
	<u>124,812</u>		<u>5,634</u>	<u>130,446</u>
Beneficial interest in perpetual trust			<u>34,639</u>	<u>34,639</u>
	<u>\$ 124,812</u>	<u>\$</u>	<u>\$ 40,273</u>	<u>\$ 165,085</u>



COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

4. Fair value investments (continued)

The table below sets forth a summary of changes in the fair value of the level 3 assets for the year ended June 30, 2015:

	JPM Structured Debt Fund	Goldman Sachs Tactical TIL PF Mutual	Goldman Sachs Tactical TIL PF Implementation Fund	Mainstay Marketfield Fund CL A	BlackRock Strategic Income Opprtnts PTF Inst	BlackRock Allocation Shares Series P	Beneficial Interest in Perpetual Trusts	Total
Balance, beginning of year	\$ 574	\$ 5,061	\$	\$ 5,006	\$	\$	\$ 34,639	\$ 45,280
Purchases			6,126		7,014	3,508		16,648
Sales	(93)	(5,016)						(5,109)
Fees								
Interest/dividend income			64					64
Unrealized gains/(losses)	(13)	(61)	327	(554)	(123)	(65)	(657)	(1,146)
Realized gains	51	16						67
Balance, end of year	\$ 519	\$	\$ 6,517	\$ 4,452	\$ 6,891	\$ 3,443	\$ 33,982	\$ 55,804

The table below sets forth a summary of changes in the fair value of the level 3 assets for the year ended June 30, 2014:

	JPM Structured Debt Fund	Goldman Sachs Tactical TIL PF Mutual	Beneficial Interest in Perpetual Trusts	Real Estate Fund	Commingled Funds	Total
Balance, beginning of year	\$ 1,371	\$	\$ 31,335	\$ 5,845	\$ 113,554	\$ 152,105
Purchases		5,000				5,000
Sales	(1,557)			(7,495)	(141,908)	(150,960)
Fees					(219)	(219)
Interest/dividend income	157			128	1,429	1,714
Unrealized gains	275	61	3,303			3,639
Realized gains	328			1,522	27,144	28,994
Balance, end of year	\$ 574	\$ 5,061	\$ 34,638	\$	\$	\$ 40,273

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

4. Fair value measurements (continued)

Fund name	Redemption Period	Notice Period	Description of fund	Amount
JPM Structured Debt Fund	Fund is winding down and distributing remaining assets as they are liquidated	None	The Fund consists of various co-op and commercial mortgages.	\$ 519
Goldman Sachs Tactical TIL PF Implementation Fund			The Fund is an open-end Fund incorporated in USA. The Fund's objective is long-term total return. The portfolio will use investment ideas that are generally derived from short-term or medium-term market views on a variety of asset classes and instrument generated by Goldman.	6,517
Mainstay Tactical Marketfield Fund			This Fund was classified as a level 1 investment at June 30, 2014. The Fund seeks long-term growth of capital above that of the broad equity market over a full market cycle, with volatility that is lower than that of broad equity market. Correlation between the Fund and the broad equity market may vary considerably over the course of an investment cycle. The Fund has a broad investment charter that allows it to allocate its assets among investments in equity securities, fixed-income instruments, commodities, futures, options, and other investment companies, including ETFs.	4,452
BlackRock Strategic Income Opportunities Fund			Employs a flexible investment approach across fixed income sectors without constraints on maturity, sector, quality or geography. The Fund actively manages two main risks in fixed income, interest rate risk and credit risk, to provide a compelling combination of income, low volatility and attractive returns.	6,891
BlackRock Allocation Target Shares Series P			The Fund seeks to provide adoration that is the inverse of its benchmark. The fund pursues its investment objectives primarily by engaging in short sales of U.S. Treasury securities and investing in derivative instruments that provide returns that are inverse to those available by investing directly in U.S. Treasury securities. Derivative instruments that the Fund may invest in include: futures, options, forward contracts and/or swaps, including interest rate swaps, swap options and total return swaps. This Fund is non-diversified.	3,443

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

4. Fair value measurements (continued)

The following schedule summarizes the investment return. The classification of the investment return is reported on the statement of activities.

	2015	2014
Interest and dividend income	\$ 2,100	\$ 2,308
Net realized and unrealized gain on investments	925	18,626
Perpetual trust investment income	1,830	1,294
Less investment management fees	(606)	(373)
	<u>\$ 4,249</u>	<u>\$ 21,855</u>

Consistent with the Society's spending policy for the years ended June 30, 2015 and 2014, \$8,006 and \$7,383 was appropriated and spent, respectively.

5. Related party transactions

The United Charities (the Corporation), a charitable corporation which was organized to provide a center in which certain benevolent organizations would maintain their headquarters, leases office space to the Society, which has a 50% undivided interest in the ownership of the Corporation.

The United Charities was obligated under various lease agreements to provide office space for the Society and other tenants. Rent expenses paid by the Society for the fiscal year ended June 30, 2015 totaled \$1,027. Management fees received from The United Charities were \$90 for each of the years ended 2015 and 2014. The lease expired June 30, 2014 and, thereafter, an agreement was entered into to renew the lease on a month to month basis commencing July 1, 2014.

The Board of Trustees of the Society authorized its representatives of the Board of The United Charities to vote in favor of the sale of its building (105 East 22<sup>nd</sup> Street) at a sale price of \$128,000. The sale was consummated on August 26, 2014.

The Society recognized \$60,718 and \$32 of income from The United Charities at June 30, 2015 and 2014, respectively. Substantially all of the income in 2015 was attributable to the sale of 105 East 22<sup>nd</sup> Street, New York, NY, as noted above. The Society also received a \$54,828 partial cash distribution from The United Charities, as a result of this sale.

The net assets of The United Charities at December 31, 2014 and 2013 aggregated \$16,024 and \$4,244 respectively with the Society's share being \$8,012 and \$2,122 at those dates. Subsequent to June 30, 2015, the Society received its final distributions from The United Charities of approximately \$8,000.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

6. Property and equipment

Property and equipment consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 5,035	\$
Building	23,551	
Construction in process - office space	2,992	
Leasehold improvements		2,926
Computer and office equipment	<u>900</u>	<u>855</u>
	32,478	3,781
Less accumulated depreciation	<u></u>	<u>1,977</u>
	<u>\$ 32,478</u>	<u>\$ 1,804</u>

Depreciation expense was \$297 and \$284 for the years ended June 30, 2015 and 2014, respectively.

The Society did not renew its lease at 105 East 22<sup>nd</sup> Street, New York, NY and moved out of the office space on August 17, 2015. All fixed assets related to this location were deemed to have little to no value as of the year ended June 30, 2015. The Society recognized a loss on disposition of approximately \$1,522.

At year end June 30, 2015, the Society purchased and was in the process of relocating to its new location at 633 3<sup>rd</sup> Avenue, New York, NY. The building and all related improvements as well as the computers and office equipment at year end had not yet been put into service and, accordingly, no depreciation on these assets was recorded as of June 30, 2015.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

7. Temporarily restricted net assets and net assets released from restrictions

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

	<u>2015</u>	<u>2014</u>
Direct service programs	\$ 24,323	\$ 23,911
Policy research and advocacy	513	580
Program administration	424	415
Unappropriated investment income from endowments	<u>2,521</u>	<u>2,057</u>
	<u>\$ 27,781</u>	<u>\$ 26,963</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time. The net assets released from restriction for the years ended June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Direct service programs	\$ 5,515	\$ 4,664
Policy research and advocacy	2,729	4,268
Public interest	842	773
Management and general	<u>10</u>	<u>727</u>
	<u>\$ 9,096</u>	<u>\$ 10,432</u>

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

8. Permanently restricted net assets

Community Service Society of New York and Affiliates' endowment consists of individual donor-restricted endowment funds established for Direct Service Programs. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Society is responsible for the long-term investment policies for donor-restricted endowment funds, unless otherwise specified by the donor.

The Board of Directors of Community Service Society of New York and Affiliates has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Society is now governed by the NYPMIFA spending policy, which establishes a maximum prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Permanently restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Endowment:		
Direct service program:		
Income restricted for specific purposes	\$ 4,741	\$ 4,741
Income restricted for program administration	455	455
Income available for general purposes	<u>23,899</u>	<u>23,899</u>
Total endowment	<u>29,095</u>	<u>29,095</u>
Beneficial interest in perpetual trusts - income restricted	12,140	12,257
Beneficial interest in perpetual trusts - income unrestricted	<u>21,842</u>	<u>22,382</u>
Total beneficial interest in perpetual trusts	<u>33,982</u>	<u>34,639</u>
	<u>\$ 63,077</u>	<u>\$ 63,734</u>

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

8. Permanently restricted net assets (continued)

Return objectives, strategies employed and spending policy

The overall financial objective of the endowment is to provide the operations of the Society with a relatively stable stream of spendable revenue that increases over time and matches the general rate of inflation, as measured by the Consumer Price Index.

The long-term investment objective for the total endowment is to attain a total return (net of investment management fees) of at least 6% per year in excess of inflation. This objective assumes that withdrawals from the Fund will average, long term, no more than 6% of the Fund's value over time.

Funds with deficiencies

The Society does not have any funds with deficiencies.

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Investment return:				
Interest and dividend income	\$ 316	\$ 62	\$	\$ 378
Realized gain	187	36		223
Unrealized gain	30	6		36
Total investment return	533	104		637
Appropriation of endowment assets for expenditures	(533)	(104)		(637)
Net change				
Endowment net assets, beginning of year		2,521	29,095	31,616
Endowment net assets, end of year	\$	\$ 2,521	\$ 29,095	\$ 31,616

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

8. Permanently restricted net assets (continued)

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Investment return:				
Interest and dividend income	\$ 429	\$ 84	\$	\$ 513
Realized gain	5,500	1,071		6,571
Unrealized loss	<u>(2,629)</u>	<u>(512)</u>		<u>(3,141)</u>
Total investment return	3,300	643		3,943
Appropriation of endowment assets for expenditures	<u>(3,300)</u>	<u>(1,151)</u>		<u>(4,451)</u>
Net change		(508)		(508)
Endowment net assets, beginning of year		<u>3,029</u>	<u>29,095</u>	<u>32,124</u>
Endowment net assets, end of year	<u>\$</u>	<u>\$ 2,521</u>	<u>\$ 29,095</u>	<u>\$ 31,616</u>

9. Line of credit

During the year ended June 30, 2015, The Board of Trustees authorized a security-based loan with a financial institution, which would provide a revolving line of credit of up to \$26,000 with interest payable monthly, at a rate of LIBOR plus 0.70%. The loan is limited for use with \$21,000 available for the purchase and renovation of 633 Third Avenue, New York, NY and \$5,000 available for operations. The loan is secured by certain investments and expires on October 15, 2015 (the loan has been renewed with a new expiration date of October 10, 2016). As of June 30, 2015, \$21,700 of this loan was utilized, \$18,700 for the purchase and renovation of the new office space and \$3,000 for operations.

Interest expense incurred under the line of credit amounted to \$110 for the year ended June 30, 2015.



COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

10. Commitments and contingencies

Community Service Society leases equipment under operating leases which expire at various dates through October 2016. Rental expense for these leases was \$128 and \$129 in 2015 and 2014, respectively.

Minimum annual rental commitments for the remaining term of the Society's noncancelable operating leases relating to property and equipment is as follows:

Year ending June 30:	
2016	<u>\$ 35</u>

11. Employee benefit plans

Pension plan and other post-retirement benefits

The Society adopted the provisions of Financial Accounting Standards Board ASC 715-30 "Employer's Accounting for Defined Benefit Pension and Other Post Retirement Plans."

The Society has a noncontributory defined benefit pension plan (DB plan) covering substantially all employees. The Society also maintains life insurance benefits and contributory group medical benefits for full-time employees (i.e., those who worked 30 hours or more per week) employed prior to July 1, 1978 who retired at or after age 55 and were not covered by the terms of the collective bargaining agreement providing health benefits through the 1199 National Benefit Fund. The Society is required to accrue the estimated cost of these retiree benefit payments during the employees' active service period. The Society pays the cost of post-retirement benefits as incurred.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

11. Employee benefit plans (continued)

The tables below set forth each plan's funded status and amounts recognized in the Society's consolidated financial statements at June 30, 2015 and 2014 as follows:

	2015		
	Pension benefits	Other benefits	Total
Projected benefit obligation	\$ (39,995)	\$ (899)	\$ (40,894)
Fair value of plan assets	32,368		32,368
Funded status	<u>\$ (7,627)</u>	<u>\$ (899)</u>	<u>\$ (8,526)</u>
Society's contributions	\$ 900	\$ 135	\$ 1,035
Employee's contributions		2	2
Benefits paid	961	137	1,098
Accrued benefit cost recognized in the statement of financial position	(7,627)	(899)	(8,526)
Net periodic pension cost	760		760
Other post-employment benefit cost		13	13

	2014		
	Pension benefits	Other benefits	Total
Projected benefit obligation	\$ (39,498)	\$ (1,132)	\$ (40,630)
Fair value of plan assets	31,457		31,457
Funded status	<u>\$ (8,041)</u>	<u>\$ (1,132)</u>	<u>\$ (9,173)</u>
Society's contributions	\$ 900	\$ 157	\$ 1,057
Employee's contributions		2	2
Benefits paid	783	159	942
Accrued benefit cost recognized in the statement of financial position	(8,041)	(1,133)	(9,173)
Net periodic pension cost	1,123		1,123
Other post-employment benefit cost		45	45

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

11. Employee benefit plans (continued)

The future expected benefits to be paid for the post-retirement plans are as follows:

Year beginning July 1:	
2015	\$ 1,453
2016	1,595
2017	1,699
2018	1,888
2019	2,003
2020-2024	11,232

The accumulated benefit obligation for the defined benefit pension plan was \$35,865 and \$30,410 at June 30, 2015 and 2014, respectively.

The following table provides information about the weighted average assumptions of the plans:

	Pension benefits		Other benefits	
	2015	2014	2015	2014
Weighted-average assumptions as of June 30:				
Discount rate	4.25%	4.25%	4.25%	4.75%
Expected return on plan assets	4.25%	N/A	N/A	N/A
Rate of compensation increase	4.50	4.50	N/A	4.50

Mortality table: Combined RP2000 Annuitant and Non-Annuitant table updated for 2014 used for pension benefits. 1994 Group Annuity Mortality Table for 2014 used for other benefits.

For 2015 and 2014, an assumed long-term rate of return of 8.0% and 8.0% was used for the pension plan. In developing this rate, the Society evaluated input from its actuaries on asset class return expectations and long-term inflation.

For measurement purposes, a 6.7% health care cost trend rate was assumed for 2015 and 2014. The rate is expected to decrease to 6.4% after 2024-2034.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

11. Employee benefit plans (continued)

The components of net pension cost and net post-retirement benefit cost for the years ended June 30, 2015 and 2014 are as follows:

	2015		
	Pension benefits	Other benefits	Total
Service costs	\$ 1,259	\$	\$ 1,259
Interest cost	1,575	40	1,615
Expected return on assets	(2,478)		(2,478)
Net amortization and deferral	401	5	406
Amortization of prior service cost	3	(32)	(29)
Net cost	<u>\$ 760</u>	<u>\$ 13</u>	<u>\$ 773</u>
	2014		
	Pension benefits	Other benefits	Total
Service costs	\$ 1,090	\$	\$ 1,090
Interest cost	1,628	54	1,682
Expected return on assets	(2,171)		(2,171)
Net amortization and deferral	572	23	595
Amortization of prior service cost	4	(32)	(28)
Net cost	<u>\$ 1,123</u>	<u>\$ 45</u>	<u>\$ 1,168</u>

403(b) Plan

In addition, the Society has established a 403(b) plan for all employees; however, only non-union employees are eligible to participate for purposes of matching contributions. The Society matches employee contributions to the plan at a rate of 50% up to the first 6% of each employee's salary. Salary deferrals in excess of \$10,000 are not matched. The Society's contributions to the plan were \$129 and \$114, respectively during the year ended June 30, 2015 and 2014.

COMMUNITY SERVICE SOCIETY OF NEW YORK AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(in thousands)*

June 30, 2015 and 2014

12. Government grants and contracts

The Society operates under various contracts with government agencies which generally cover a one-year period, subject to annual renewals. The terms of these contracts allow the grantors the right to audit the costs incurred thereunder and adjust contract funding based upon the amount of program income received. Any costs disallowed by the grantor would be absorbed by the Society and any adjustments by grantors would be recorded when amounts are known, however, it is the opinion of management that disallowances, if any, would be immaterial and adjustments, if any, would not have a material adverse effect on the financial position of the Society.

13. Significant source of support

The Society received approximately 15% and 21% of its total support and revenue for the years ended June 30, 2015 and 2014, respectively, from New York State agencies. Contracts with the funding agencies were renewed at comparable amounts for the upcoming fiscal year.

14. Collective bargaining agreement

Certain employees are covered by a collective bargaining agreement. The agreement with 1199 SEIU United Healthcare Workers East is effective through December 31, 2019.

15. Prior period adjustment

The Society recorded a \$225 grant in the year ended June 30, 2015 instead of the year ended June 30, 2014. This resulted in an understatement of 2014 contribution revenue as well as temporarily restricted net assets. The financial statements have been restated for this adjustment.

16. Subsequent events

Subsequent events have been evaluated through December 2, 2015, which is the date the consolidated financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of June 30, 2015, have been incorporated into these consolidated financial statements.