

HERE

**HOME FOR CONTEMPORARY THEATRE AND ART, LTD.
(d/b/a HERE Art Center)**

Audited Financial Statements
and Supplemental Schedule

August 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Home for Contemporary Theatre and Art, Ltd.
d/b/a HERE Art Center

Report on the Financial Statements

We have audited the accompanying financial statements of Home for Contemporary Theatre and Art, Ltd. d/b/a HERE Art Center (the "Center"), which comprise the statement of financial position as of August 31, 2017 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

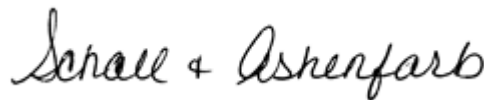
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home for Contemporary Theatre and Art, Ltd. d/b/a HERE Art Center as of August 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Home for Contemporary Theatre and Art Ltd. d/b/a HERE Art Center's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Unrestricted Revenue and Expenses on page 13 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied to in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Schall & Ashenfarb
Certified Public Accountants, LLC

January 25, 2018

HOME FOR CONTEMPORARY THEATRE AND ART, LTD.
(d/b/a HERE Art Center)
STATEMENT OF FINANCIAL POSITION
AT AUGUST 31, 2017
(With comparative totals at August 31, 2016)

	<u>8/31/17</u>	<u>8/31/16*</u>
Assets		
Cash and cash equivalents	\$746,538	\$677,881
Contributions receivable	174,365	149,915
Government grants receivable	54,200	0
Other receivables	23,531	30,254
Prepaid expenses	62,155	36,695
Security deposits	11,200	12,215
Fixed assets, net (Note 3)	<u>2,820,544</u>	<u>2,919,058</u>
 Total assets	 <u><u>\$3,892,533</u></u>	 <u><u>\$3,826,018</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$52,626	\$64,762
Deferred revenue	41,420	31,434
Loans payable (Note 4)	500,000	400,000
Mortgage payable (Note 5)	1,022,283	1,049,727
Total liabilities	<u>1,616,329</u>	<u>1,545,923</u>
Net assets:		
Unrestricted	(125,078)	(70,419)
Temporarily restricted (Note 6)	2,401,282	2,350,514
Total net assets	<u>2,276,204</u>	<u>2,280,095</u>
 Total liabilities and net assets	 <u><u>\$3,892,533</u></u>	 <u><u>\$3,826,018</u></u>

*Reclassified for comparative purposes (see Note 2g).

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

HOME FOR CONTEMPORARY THEATRE AND ART, LTD.
(d/b/a HERE Art Center)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017
(With comparative totals for the year ended August 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 8/31/17</u>	<u>Total 8/31/16</u>
Public support and revenue:				
Contributions:				
Foundations	\$327,719	\$586,600	\$914,319	\$977,168
Individuals	263,186	37,212	300,398	272,555
Corporations	19,546	25,000	44,546	7,518
In-kind (Note 2j)	16,646		16,646	15,962
Government grants	258,800		258,800	250,000
Special events (net of expenses with a direct benefit to donors) (Note 8)	83,516		83,516	79,776
Ticket sales	161,056		161,056	115,760
Facility rentals and other reimbursements	254,165		254,165	256,934
Co-producer income	90,000		90,000	120,000
Interest and other income	34,737		34,737	43,149
Net assets released from restrictions (Note 6)	598,044	(598,044)	0	0
Total public support and revenue	<u>2,107,415</u>	<u>50,768</u>	<u>2,158,183</u>	<u>2,138,822</u>
Expenses:				
Program services	1,810,494		1,810,494	1,717,231
Management and general	141,458		141,458	140,847
Fundraising	210,122		210,122	171,330
Total expenses	<u>2,162,074</u>	<u>0</u>	<u>2,162,074</u>	<u>2,029,408</u>
Change in net assets	(54,659)	50,768	(3,891)	109,414
Net assets - beginning of year	<u>(70,419)</u>	<u>2,350,514</u>	<u>2,280,095</u>	<u>2,170,681</u>
Net assets - end of year	<u><u>(\$125,078)</u></u>	<u><u>\$2,401,282</u></u>	<u><u>\$2,276,204</u></u>	<u><u>\$2,280,095</u></u>

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

HOME FOR CONTEMPORARY THEATRE AND ART, LTD.
(d/b/a HERE Art Center)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017

(With comparative totals for the year ended August 31, 2016)

	Program Services	Management and General	Fundraising	Total 8/31/17	Total 8/31/16*
Salaries	\$605,713	\$46,288	\$104,957	\$756,958	\$648,012
Payroll taxes and employee benefits	114,194	7,167	16,251	137,612	120,534
Artistic and other fees	485,728			485,728	484,931
Stipends and travel	71,682	319	724	72,725	75,766
Professional fees (including in-kind) (Note 2j)	15,014	32,329	2,602	49,945	31,899
Utilities and storage (including in-kind) (Note 2j)	36,520	2,791	6,328	45,639	43,502
Advertising and public relations expenses	64,387	21,092		85,479	83,027
Printing	33,456	1,197	4,639	39,292	31,384
Office supplies	8,641	441	1,001	10,083	10,091
Insurance expense	18,183	1,389	3,151	22,723	12,718
Postage and shipping	11,338	532	1,207	13,077	9,877
Repairs and maintenance	51,333	3,923	8,895	64,151	62,236
Telephone	7,990	611	1,384	9,985	7,550
Hospitality/conference fees	10,581	4,301	4,449	19,331	11,418
Interest	73,526	5,619	12,740	91,885	94,130
Production expense (including in-kind) (Note 2j)	111,660			111,660	144,570
Bank and credit card charges (including in-kind) (Note 2j)	919	71	159	1,149	5,683
Special events (including in-kind) (Note 2j)			26,823	26,823	34,727
Dues and subscriptions	4,149	6,856		11,005	11,834
Miscellaneous	4,282	327	742	5,351	4,046
Total expenses before depreciation	<u>1,729,296</u>	<u>135,253</u>	<u>196,052</u>	<u>2,060,601</u>	<u>1,927,935</u>
Depreciation	<u>81,198</u>	<u>6,205</u>	<u>14,070</u>	<u>101,473</u>	<u>101,473</u>
Total expenses	<u><u>\$1,810,494</u></u>	<u><u>\$141,458</u></u>	<u><u>\$210,122</u></u>	<u><u>\$2,162,074</u></u>	<u><u>\$2,029,408</u></u>

*Reclassified for comparative purposes (see Note 2g).

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

HOME FOR CONTEMPORARY THEATRE AND ART, LTD.
(d/b/a HERE Art Center)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2017
(With comparative totals for the year ended August 31, 2016)

	<u>8/31/17</u>	<u>8/31/16*</u>
Cash flows from operating activities:		
Change in net assets	(\$3,891)	\$109,414
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	101,473	101,473
Interest on debt issuance costs	4,294	4,294
Changes in assets and liabilities:		
Contributions receivable	(24,450)	116,000
Government grants receivable	(54,200)	0
Other receivables	6,723	(23,836)
Prepaid expenses	(25,460)	153
Security deposits	1,015	0
Accounts payable and accrued expenses	(12,136)	17,914
Deferred revenue	9,986	(9,159)
Government grant advances	0	(40,000)
Total adjustments	<u>7,245</u>	<u>166,839</u>
Net cash flows provided by operating activities	<u>3,354</u>	<u>276,253</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(2,959)</u>	<u>(11,143)</u>
Net cash flows used for investing activities	<u>(2,959)</u>	<u>(11,143)</u>
Cash flows from financing activities:		
Repayment of mortgage payable	(31,738)	(30,045)
Proceeds from loans payable	100,000	100,000
Repayment of loans payable	0	(200,000)
Net cash flows provided by/(used for) financing activities	<u>68,262</u>	<u>(130,045)</u>
Net increase in cash and cash equivalents	68,657	135,065
Cash and cash equivalents - beginning of year	<u>677,881</u>	<u>542,816</u>
Cash and cash equivalents - end of year	<u>\$746,538</u>	<u>\$677,881</u>
Supplemental disclosure of cash flow information:		
Total interest paid	<u>\$87,591</u>	<u>\$89,836</u>
Total taxes paid	<u>\$0</u>	<u>\$0</u>

*Reclassified for comparative purposes (see Note 2g).

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

HOME FOR CONTEMPORARY THEATRE AND ART, LTD.
(d/b/a HERE Art Center)
SCHEDULE OF UNRESTRICTED REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Operating</u>	<u>Property & Equipment</u>	<u>Total Unrestricted</u>
Unrestricted public support and revenue:			
Contributions:			
Foundations	\$327,719		\$327,719
Individuals	263,186		263,186
Corporations	19,546		19,546
In-kind	16,646		16,646
Government grants	258,800		258,800
Special events (net expenses with a direct benefit to donors)	83,516		83,516
Ticket sales	161,056		161,056
Facility rentals and other reimbursements	254,165		254,165
Co-producer income	90,000		90,000
Interest and other income	34,737		34,737
Net assets released from restrictions	551,259	\$46,785	598,044
Total unrestricted public support and revenue	<u>2,060,630</u>	<u>46,785</u>	<u>2,107,415</u>
Expenses:			
Salaries	756,958		756,958
Payroll taxes and employee benefits	137,612		137,612
Artistic and other fees	485,728		485,728
Stipends and travel	72,725		72,725
Professional fees	49,945		49,945
Utilities and storage	45,639		45,639
Advertising and public relations expenses	85,479		85,479
Printing	39,292		39,292
Office supplies	10,083		10,083
Insurance expense	22,723		22,723
Postage and shipping	13,077		13,077
Repairs and maintenance	64,151		64,151
Telephone	9,985		9,985
Hospitality/conference fees	19,331		19,331
Interest	91,885		91,885
Production expense	111,660		111,660
Bank and credit card charges	1,149		1,149
Special event	26,823		26,823
Dues and subscriptions	11,005		11,005
Miscellaneous	5,351		5,351
Depreciation and amortization		101,473	101,473
Total expenses	<u>2,060,601</u>	<u>101,473</u>	<u>2,162,074</u>
Total expenses in excess of unrestricted public support and revenue	<u>\$29</u>	<u>(\$54,688)</u>	<u>(\$54,659)</u>

HOME FOR CONTEMPORARY THEATRE AND ART, LTD.
(d/b/a HERE Art Center)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

Note 1 - Organization

Home for Contemporary Theatre and Art, Ltd. d/b/a HERE Art Center (the "Center") is dedicated to the production and presentation of works by contemporary artists in performance and media. The Center operates a facility which contains two theatres, a café, and support facilities.

The Center has been notified by the Internal Revenue Service that it is tax exempt under Section 501(c)(3) of the Internal Revenue Code. It has not been designated as a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Presentation

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

The Center's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – represents contributions and the net residual of assets with donor imposed restrictions that are expected to be satisfied by performing certain activities or through the passage of time (See Note 6).
- *Permanently restricted* – represents contributions that contain donor restrictions that are permanent in nature. The Center had no permanently restricted net assets at August 31, 2017.

b. Contributions

The Center reports contributions as revenue upon the earlier of receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in one of the restricted classes of net assets. All other contributions are recorded as unrestricted. When a restriction expires by satisfying the specific purpose or through the passage of time, temporarily restricted net assets are released from restriction and reclassified to unrestricted net assets. When a restriction is met in the same period that the contribution has been received, it is recorded as unrestricted.

All government grants are recognized as revenue in the period earned, which is typically when the expense allowed under the grant is incurred. The difference between cash received and government grant income recognized is reflected as government grants receivable or government grant advances.

c. Cash and Cash Equivalents

The Center considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

d. Concentration of Credit Risk

Financial instruments which potentially subject the Center to concentration of credit risk consist of cash accounts that are placed with financial institutions that management deems to be creditworthy. At year end and at various times during the year, the Center had material uninsured balances. The Center has not experienced any losses due to the failure of any of these institutions.

e. Allowance for Doubtful Accounts

All contributions are expected to be received within one year and have been recorded at net realizable value. Management has evaluated all receivables based on a specific review that factors in historical experience. Based upon this review, no allowance for uncollectible amounts has been deemed necessary; therefore, no reserve has been established. Once all collection efforts have been exhausted, a receivable will be written-off to bad debt expense.

f. Fixed Assets

Fixed assets and equipment purchased that benefit future periods are capitalized at cost or, if donated, at the estimated fair value at the time of the donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, as follows:

Building - 39 years

Building improvements - 5 to 39 years

Computers and equipment - 5 to 7 years

Website - 3 years

g. Debt Issuance Costs

On April 7, 2015, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2015-03, *Interest - Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs*, which became effective for the August 31, 2017 fiscal year. The ASU requires that debt issuance costs be netted with the principal amount of any outstanding debt. The effects of this pronouncement have been retrospectively applied to the fiscal year 2016 statements of financial position, functional expenses and cash flows.

h. Deferred Income

Deferred income represents box office and rental income received for future periods.

i. Advertising

Advertising costs are charged to operations when the advertising first takes place. Advertising expense was \$21,092 and \$26,928 for the year ended August 31, 2017 and August 31, 2016, respectively.

j. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. The Center's donated services are summarized as follows:

	<u>August 31, 2017</u>			
	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Professional fees	\$12,093	\$0	\$12,093	\$0
Utilities and storage	256	205	15	36
Production expense	897	897	0	0
Bank & credit card charges	25	20	2	3
Special events	<u>3,375</u>	<u>0</u>	<u>0</u>	<u>3,375</u>
Total	<u>\$16,646</u>	<u>\$1,122</u>	<u>\$12,110</u>	<u>\$3,414</u>

	<u>August 31, 2016</u>			
	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Professional fees	\$10,000	\$0	\$10,000	\$0
Production expense	<u>5,962</u>	<u>5,962</u>	<u>0</u>	<u>0</u>
Total	<u>\$15,962</u>	<u>\$5,962</u>	<u>\$10,000</u>	<u>\$0</u>

Many volunteers, including board members, provide service in support of the Center's mission. Those services have not been recognized on the financial statements because they do not meet the criteria outlined above.

k. Use of Estimates

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

l. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

m. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended August 31, 2016 from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

The Center does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending August 31, 2014 and later are subject to examination by applicable taxing authorities.

o. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 25, 2018, the date the financial statements were available to be issued. All disclosures for subsequent events have been included in the financial statements.

p. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the August 31, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

In addition, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the August 31, 2020 year, focuses on a principle based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

The Center has not yet evaluated the impact these will have on future statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>8/31/17</u>	<u>8/31/16</u>
Building	\$1,538,677	\$1,538,677
Building improvements	2,610,733	2,607,774
Computers and equipment	279,695	279,695
Website	<u>32,500</u>	<u>32,500</u>
	4,461,605	4,458,646
Less: accumulated depreciation	<u>(1,641,061)</u>	<u>(1,539,588)</u>
Net fixed assets	<u>\$2,820,544</u>	<u>\$2,919,058</u>

Over the years, the City of New York has funded renovations to the building that total \$1,824,623. The amount of these capital costs, net of depreciation was \$1,418,186 and \$1,464,971, at August 31, 2017 and 2016, respectively, and is reflected in the temporarily restricted class of net assets. Each year, an amount is released from restriction and reclassified to the unrestricted class of net assets, in the same amount as the depreciation expense on those restricted assets.

Note 4 - Loans Payable

At August 31, 2017, there were two outstanding loans that totaled \$500,000. All loans were paid in full as part of a mortgage loan and consolidation agreement described more fully in Note 5. The details of those loans are as follows:

- On March 14, 2014, the Center received a loan in the amount of \$400,000. Interest payments were due in quarterly installments at a rate of prime plus 3%. The principal of the amount and any unpaid interest were extended until December 31, 2018. The loan was evidenced by a promissory note and secured by the building held at 145 Avenue of the Americas, subordinate to the mortgage referred to in Note 5.
- On September 28, 2016, the Center received an unsecured, non-interest bearing \$100,000 cash flow loan that was due on September 2, 2017.

Note 5 - Mortgage Payable

Subsequent to year end, a mortgage loan and consolidation agreement for \$1,764,335 was entered into by the Center. Funds were used to retire the mortgage described in the following paragraph and the loans payable described in Note 4. Monthly installments of \$11,763 will be applied first to interest at 5.05% per annum and the balance to the principal. The remaining principal is required to be repaid in full by January 19, 2038. This mortgage is secured by the building at 145 Avenue of the Americas. The Center is subject to financial and reporting covenants as part of the mortgage agreement.

As of August 31, 2017, the statement of financial position reflects the balance of a mortgage (\$1,022,283) that was entered into on March 22, 2011 (less debt issuance costs of \$31,299). Monthly installments of \$7,533 during the year were applied first to interest at 5.5% per annum and the remainder to reduce principal. This mortgage was secured by the building at 145 Avenue of the Americas.

Minimum scheduled principal payments on the new mortgage are as follows:

Year ending:	August 31, 2018	\$30,755
	August 31, 2019	54,872
	August 31, 2020	57,708
	August 31, 2021	60,691
	August 31, 2022	63,828
	Thereafter	<u>1,496,481</u>
Total		<u>\$1,764,335</u>

Note 6 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	<u>August 31, 2017</u>			
	Balance <u>9/1/16</u>	Restricted <u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>8/31/17</u>
Programs:				
Property and equipment	\$1,464,971	\$0	(\$46,785)	\$1,418,186
Prototype festival	332,000	122,703	(162,000)	292,703
Productions	165,485	37,000	(132,436)	70,049
Artists in residence program	<u>233,058</u>	<u>114,109</u>	<u>(101,823)</u>	<u>245,344</u>
Total programs	2,195,514	273,812	(443,044)	2,026,282
Major gifts officer	0	150,000	0	150,000
Time restricted	<u>155,000</u>	<u>225,000</u>	<u>(155,000)</u>	<u>225,000</u>
Total	<u>\$2,350,514</u>	<u>\$648,812</u>	<u>(\$598,044)</u>	<u>\$2,401,282</u>
	<u>August 31, 2016</u>			
	Balance <u>9/1/15</u>	Restricted <u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>8/31/16</u>
Programs:				
Property and equipment	\$1,511,756	\$0	(\$46,785)	\$1,464,971
Prototype festival	259,383	310,000	(237,383)	332,000
Productions	250,685	56,000	(141,200)	165,485
Artists in residence program	<u>8,095</u>	<u>240,000</u>	<u>(15,037)</u>	<u>233,058</u>
Total programs	2,029,919	606,000	(440,405)	2,195,514
Time restricted	<u>157,500</u>	<u>80,000</u>	<u>(82,500)</u>	<u>155,000</u>
Total	<u>\$2,187,419</u>	<u>\$686,000</u>	<u>(\$522,905)</u>	<u>\$2,350,514</u>

Note 7 - Commitments & Contingencies

Government supported projects are subject to audit by the applicable granting agency. Management is of the opinion that disallowances that may result from such audits is immaterial and has not recorded a reserve. A liability resulting in potential disallowed costs will be recorded when notified and payment is considered probable.

Note 8 - Special Events

The Center's special event proceeds are summarized as follows:

	<u>August 31, 2017</u>		
	<u>Annual Benefit</u>	<u>Prototype Soiree</u>	<u>Total</u>
Gross revenue	\$104,149	\$27,525	\$131,674
Less: expenses with a direct benefit to donors	<u>(33,790)</u>	<u>(14,368)</u>	<u>(48,158)</u>
	70,359	13,157	83,516
Less: other event expenses	<u>(25,124)</u>	<u>(1,699)</u>	<u>(26,823)</u>
Total	<u>\$45,235</u>	<u>\$11,458</u>	<u>\$56,693</u>

	<u>August 31, 2016</u>	
	<u>Annual Benefit</u>	
Gross revenue	\$119,044	
Less: expenses with a direct benefit to donors	<u>(39,268)</u>	
	79,776	
Less: other event expenses	<u>(34,727)</u>	
Total	<u>\$45,049</u>	