



**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014 and 2013**

## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Broadway Cares/Equity Fights AIDS, Inc.  
New York, New York

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

We have audited the accompanying financial statements of Broadway Cares/Equity Fights AIDS, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2014 and 2013, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain 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 Broadway Cares/Equity Fights AIDS, Inc. as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



New York, New York  
August 4, 2015

# BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

## Statements of Financial Position

	September 30,	
	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,214,360	\$ 1,339,485
Contributions and other receivables	42,276	30,242
Prepaid expenses and other current assets	287,916	466,072
Inventory	323,633	312,962
Property and equipment, net	118,965	75,604
Security deposit	<u>84,173</u>	<u>79,316</u>
	<u>\$ 2,071,323</u>	<u>\$ 2,303,681</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 244,163	\$ 183,690
Grants payable	500,000	250,000
Accrued pension liability	1,740,211	1,823,966
Deferred revenue	<u>197,309</u>	<u>500,256</u>
	<u>2,681,683</u>	<u>2,757,912</u>
Commitments (Note H)		
<b>NET ASSETS</b>		
Unrestricted, net deficit (Note I):		
Net assets from operations	(462,748)	15,870
Accrued postretirement benefit liability	<u>(493,654)</u>	<u>(810,821)</u>
	(956,402)	(794,951)
Temporarily restricted		
	<u>346,042</u>	<u>340,720</u>
	<u>(610,360)</u>	<u>(454,231)</u>
	<u>\$ 2,071,323</u>	<u>\$ 2,303,681</u>

# BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

## Statements of Activities

	Year Ended September 30,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenue:</b>						
Contributions	\$ 15,510,367	\$ 51,014	\$ 15,561,381	\$ 14,241,462	\$ 101,908	\$ 14,343,370
Special events (net of direct benefit to donors of \$546,557 and \$291,915 in 2014 and 2013, respectively)	2,158,991		2,158,991	2,220,727		2,220,727
Merchandise sales	376,882		376,882	380,252		380,252
Donated goods and services	265,794		265,794	269,658		269,658
Realized loss on sale of donated goods	(62,341)		(62,341)			
Interest and other income	1,100		1,100	1,391		1,391
Total public support and revenue before net assets released from restrictions	<u>18,250,793</u>	<u>51,014</u>	<u>18,301,807</u>	<u>17,113,490</u>	<u>101,908</u>	<u>17,215,398</u>
Net assets released from restrictions	<u>45,692</u>	<u>(45,692)</u>	<u>0</u>	<u>25,000</u>	<u>(25,000)</u>	<u>0</u>
Total public support and revenue	<u>18,296,485</u>	<u>5,322</u>	<u>18,301,807</u>	<u>17,138,490</u>	<u>76,908</u>	<u>17,215,398</u>
<b>Expenses:</b>						
Program services:						
Grants	10,694,777		10,694,777	10,490,056		10,490,056
Other program services	4,653,332		4,653,332	4,211,626		4,211,626
Total program services	<u>15,348,109</u>		<u>15,348,109</u>	<u>14,701,682</u>		<u>14,701,682</u>
Supporting services:						
Management and general	1,478,636		1,478,636	1,442,643		1,442,643
Fund-raising	2,134,619		2,134,619	1,951,982		1,951,982
Total supporting services	<u>3,613,255</u>		<u>3,613,255</u>	<u>3,394,625</u>		<u>3,394,625</u>
Total expenses	<u>18,961,364</u>		<u>18,961,364</u>	<u>18,096,307</u>		<u>18,096,307</u>
<b>Change in net assets before other adjustments</b>	<b>(664,879)</b>	<b>5,322</b>	<b>(659,557)</b>	<b>(957,817)</b>	<b>76,908</b>	<b>(880,909)</b>
Pension-related changes other than periodic cost	<u>503,428</u>		<u>503,428</u>	<u>(202,666)</u>		<u>(202,666)</u>
<b>Change in net assets</b>	<b>(161,451)</b>	<b>5,322</b>	<b>(156,129)</b>	<b>(1,160,483)</b>	<b>76,908</b>	<b>(1,083,575)</b>
Net assets - beginning of year as restated (Note A[18])	<u>(794,951)</u>	<u>340,720</u>	<u>(454,231)</u>	<u>365,532</u>	<u>263,812</u>	<u>629,344</u>
<b>Net assets - end of year</b>	<b>\$ (956,402)</b>	<b>\$ 346,042</b>	<b>\$ (610,360)</b>	<b>\$ (794,951)</b>	<b>\$ 340,720</b>	<b>\$ (454,231)</b>

See notes to financial statements

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Statement of Functional Expenses

Year Ended September 30, 2014

(with summarized financial information for 2013)

	Program Services	Management and General	Fund- Raising	Year Ended September 30,	
				2014	2013
Salaries	\$ 2,233,445	\$ 532,603	\$ 533,769	\$ 3,299,817	\$ 3,030,005
Payroll taxes and employee benefits	930,333	220,517	220,783	1,371,633	1,076,407
Professional fees and consultants	94,029	47,715	90,941	232,685	248,266
Rent	398,624	95,059	95,267	588,950	598,597
Telephone	25,231	27,435	6,030	58,696	40,396
Printing, advertising and publicity	66,980	61,002	401,507	529,489	516,313
Postage and shipping	61,946	37,831	109,937	209,714	151,713
Conference and meetings	30,750	19,203	18,683	68,636	46,390
Mobilization and production costs	357,649		448,362	806,011	858,432
Merchandising expenses	310,655	4,055	55,035	369,745	320,646
Insurance	32,264	7,694	7,711	47,669	42,944
Dues and subscriptions	8,762	3,890	1,065	13,717	15,696
Security		14,511	22,210	36,721	51,340
Transportation and meals	31,865	18,151	59,680	109,696	103,110
Office supplies and expenses	67,684	78,207	45,886	191,777	169,841
Purchase of theater tickets	2,165	15,267		17,432	28,487
Repairs and maintenance		40,661		40,661	42,217
Credit card commissions		191,641	14	191,655	197,010
Depreciation and amortization		28,551		28,551	30,384
Miscellaneous	950	34,643	17,739	53,332	38,057
	4,653,332	1,478,636	2,134,619	8,266,587	7,606,251
Grants provided	10,694,777			10,694,777	10,490,056
	<u>\$ 15,348,109</u>	<u>\$ 1,478,636</u>	<u>\$ 2,134,619</u>	<u>\$ 18,961,364</u>	<u>\$ 18,096,307</u>

**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

**Statement of Functional Expenses  
Year Ended September 30, 2013**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Salaries	\$ 2,007,982	\$ 533,715	\$ 488,308	\$ 3,030,005
Payroll taxes and employee benefits	712,116	189,086	175,205	1,076,407
Professional fees and consultants	74,450	69,023	104,793	248,266
Rent	396,690	105,439	96,468	598,597
Telephone	22,507	12,416	5,473	40,396
Printing, advertising and publicity	81,565	63,256	371,492	516,313
Postage and shipping	60,870	31,668	59,175	151,713
Conference and meetings	19,923	14,877	11,590	46,390
Mobilization and production costs	409,730		448,702	858,432
Merchandising expenses	277,906	3,325	39,415	320,646
Insurance	28,459	7,564	6,921	42,944
Dues and subscriptions	11,293	4,113	290	15,696
Security		16,715	34,625	51,340
Transportation and meals	31,717	19,461	51,932	103,110
Office supplies and expenses	57,483	75,499	36,859	169,841
Purchase of theater tickets	17,797	10,690		28,487
Repairs and maintenance		42,217		42,217
Credit card commissions		197,010		197,010
Depreciation and amortization		30,384		30,384
Miscellaneous	<u>1,138</u>	<u>16,185</u>	<u>20,734</u>	<u>38,057</u>
	4,211,626	1,442,643	1,951,982	7,606,251
Grants provided	<u>10,490,056</u>			<u>10,490,056</u>
	<u>\$ 14,701,682</u>	<u>\$ 1,442,643</u>	<u>\$ 1,951,982</u>	<u>\$ 18,096,307</u>

**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.****Statements of Cash Flows**

	<b>Year Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (156,129)	\$ (1,083,575)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	28,551	30,384
Donated investments	(188,624)	(44,581)
Proceeds from sales of donated investments	188,027	45,883
Realized losses (gains) from sales of donated investments	597	(1,302)
Proceeds from sale of donated instrument	188,255	
Realized loss from sale of donated instrument	61,744	
Changes in:		
Contributions and other receivables	(12,034)	1,396
Prepaid expenses and other current assets	(71,843)	(27,355)
Inventory	(10,671)	(43,830)
Security deposit	(4,857)	(451)
Accounts payable and accrued expenses	60,473	(3,390)
Grants payable	250,000	(236,000)
Accrued pension liability	(83,755)	653,929
Deferred revenue	(302,947)	350,521
Net cash used in operating activities	<u>(53,213)</u>	<u>(358,371)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	<u>(71,912)</u>	<u>(42,715)</u>
Net cash used in investing activities	<u>(71,912)</u>	<u>(42,715)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(125,125)</b>	<b>(401,086)</b>
Cash and cash equivalents - October 1	<u>1,339,485</u>	<u>1,740,571</u>
<b>Cash and cash equivalents - September 30</b>	<b><u>\$ 1,214,360</u></b>	<b><u>\$ 1,339,485</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Noncash donations of goods and services	<u>\$ 265,794</u>	<u>\$ 269,658</u>

## **BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

### **Notes to Financial Statements September 30, 2014 and 2013**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] Organization:**

Broadway Cares/Equity Fights AIDS, Inc. (the "Organization"), a not-for-profit entity formed in 1988 in the State of New York, raises money to provide grants to (i) organizations providing assistance for health care to those individuals in the entertainment industry who are affected by critical health issues, including but not limited to HIV/AIDS, and (ii) organizations and programs nationwide and internationally that provide care and services to people living with HIV/AIDS. The Organization also facilitates the fund-raising capabilities of the theatre community to address and support an urgent crisis or need, as directed by the Board of Trustees.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws.

##### **[2] Basis of accounting:**

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

##### **[3] Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

##### **[4] Cash equivalents:**

For financial reporting purposes, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

##### **[5] Net assets:**

The net assets of the Organization and the changes therein are classified and reported as follows:

*(i) Unrestricted:*

- (a) Net assets from operations represent those resources that are not subject to donor restrictions.
- (b) Accrued postretirement benefit liability are those net assets that are held for the purposes of funding the 403(b) plan in future years.

*(ii) Temporarily restricted:*

Temporarily restricted net assets represent those resources that have been restricted by donors and grantors for specified program-related activities or for use in specific time periods. The release from restrictions results from the satisfaction of the restricted purposes specified by the donors or grantors or the passing of time. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted.

##### **[6] Advertising costs:**

Advertising costs are expensed as incurred.



## **BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

### **Notes to Financial Statements September 30, 2014 and 2013**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[7] Functional allocation of expenses:**

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program and supporting service categories in reasonable ratios determined by management.

##### **[8] Inventory:**

Inventory consists of merchandise available for sale and is valued at the lower of cost or fair value. Certain items have been contributed to inventory and have been recorded at their approximate fair values at the dates of contribution.

##### **[9] Property and equipment:**

Property and equipment are reported at their costs at the dates of acquisition or at their fair values at the dates of donation. The Organization capitalizes those assets the cost of which exceeds \$2,000 and that have a useful life of five years or more. Depreciation of furniture and equipment is provided using the straight-line method over estimated useful lives of five years, and leasehold improvements are amortized using the straight-line method over the term of the underlying lease.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2014 and 2013, and, in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

##### **[10] Accrued vacation:**

Accrued vacation is included as a liability in the accompanying financial statements and represents the Organization's liability, as adjusted each year, for the cost of unused vacation time payable in the event of employee departures. Accrued vacation for fiscal-years 2014 and 2013 was approximately \$26,000 and \$32,000, respectively.

##### **[11] Deferred revenue:**

The revenue from advance ticket sales related to a future year's event is deferred and recognized as income in the year in which the performance is held.

##### **[12] Revenue recognition:**

Contributions:

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donor. It is the Organization's policy to sell donated investments upon receipt.

## **BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

### **Notes to Financial Statements September 30, 2014 and 2013**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[12] Revenue recognition: (continued)**

###### Special events:

The Organization conducts special events for which the use of a host Broadway theater may be donated and the performers and support staff will donate their time. A portion of the gross proceeds paid by the attendees represents payment for the direct cost of the benefits received by the attendees at the event. In the absence of a verifiable objective means to demonstrate otherwise, the fair value of entertainment provided at these special events is measured at the actual cost to the Organization. Such special-event income is reported net of the direct costs of the event that are attributable to the benefit that the donors receive.

###### Merchandise sales:

The Organization operates a retail outreach program that sells AIDS-awareness red-ribbon items; items crafted by workshops sheltered for people living with AIDS; general Broadway-show-related memorabilia, and various other collector items. Sales are conducted via a printed catalog and on-line through the Organization's website.

###### Care-Tix sales:

The Organization has access to seats at Broadway and Off-Broadway shows, which are sold to the general public for double the face value of the ticket, resulting in the recording of 50% of the ticket price as a contribution to the Organization. In the accompanying financial statements, the amount reported in contributions is net of the actual cost of the tickets.

##### **[13] Volunteers:**

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time does not meet the criteria for recognition of contributed services required under generally accepted accounting principles and, accordingly, is not included in the accompanying financial statements.

##### **[14] Grants payable:**

Grants are recognized as obligations at the time of approval. Grants approved but unpaid as of year-end are reported as liabilities in the accompanying statements of financial position. The grants payable obligation for fiscal-years 2014 and 2013 were \$500,000 and \$250,000, respectively. The grants will be paid in the upcoming year.

##### **[15] Fair-value measurements:**

The Organization reports a fair-value measurement of all applicable financial assets and liabilities.

##### **[16] Income tax uncertainties:**

The Organization is subject to the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of unrelated business taxable income ("UBTI") attributable to certain of its merchandise sales. Because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Organization's financial statements.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2014 and 2013

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [17] Subsequent events:

The Organization considers the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after September 30, 2014 through August 4, 2015, the date the financial statements were available to be issued.

##### [18] Restatement of net assets:

Effective September 30, 2013, the Organization restated its net assets to report the impact of an actuarial adjustment to the calculation of the postretirement plan liability. In addition, certain amounts included in the fiscal-year 2013 financial statements have been reclassified to conform to the fiscal-year 2014 presentation.

#### NOTE B - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
Office furniture and fixtures	<b>\$ 144,862</b>	\$ 108,175
Equipment	<b>95,495</b>	95,495
Leasehold improvements	<b><u>150,508</u></b>	<u>115,283</u>
	<b>390,865</b>	318,953
Less accumulated depreciation and amortization	<b><u>(271,900)</u></b>	<u>(243,349)</u>
	<b><u>\$ 118,965</u></b>	<u>\$ 75,604</u>

#### NOTE C - CONTRIBUTIONS AND OTHER RECEIVABLES

These receivables consist of contributions and payments owed from fund-raising events. The amounts are expected to be fully collectible within the next fiscal-year; accordingly, no allowance for doubtful amounts has been established.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2014 and 2013

#### NOTE D - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets consisted of the following:

	<u>September 30,</u>	
	<u>2014</u>	<u>2013</u>
Revolucion Latina	\$ 65,834	\$ 48,797
Broadway Impact	138,497	159,189
Green Alliance	61,453	57,380
International Community Bakeries	16,011	15,711
Broadway Serves	39,247	9,643
Time restrictions	<u>25,000</u>	<u>50,000</u>
	<u>\$ 346,042</u>	<u>\$ 340,720</u>

During each fiscal year, net assets were released from restrictions as the following donor restrictions were satisfied:

	<u>September 30,</u>	
	<u>2014</u>	<u>2013</u>
Broadway Impact	\$ 20,692	
Time restrictions	<u>25,000</u>	<u>\$ 25,000</u>
	<u>\$ 45,692</u>	<u>\$ 25,000</u>

#### NOTE E - DONATED GOODS AND SERVICES

Contributed goods are recognized at their fair values at the dates of donation. Contributions of services are recorded as both revenue and expense in the fiscal year in which they are received, provided that the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

During fiscal-years 2014 and 2013, the Organization received donated goods and services as follows:

	<u>Year Ended</u> <u>September 30,</u>	
	<u>2014</u>	<u>2013</u>
Donated goods:		
Airline tickets	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Donated services:		
Advertising	<u>115,794</u>	<u>119,658</u>
Total donated goods and services	<u>\$ 265,794</u>	<u>\$ 269,658</u>

During fiscal-years 2014 and 2013, the Organization also received donated auction items for experiences and autographed memorabilia, for which there is no readily determinable fair market value. The contributions were recorded within these financial statements at the values for which they were sold during the auction process, which provided the best approximation of fair value.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2014 and 2013

#### NOTE F - RELATED-PARTY TRANSACTIONS

A member of the Board of Trustees is a principal owner of the press agency used by the Organization. Fees paid for services and expense reimbursements to the press agency were \$38,520 and \$38,021 for fiscal-years 2014 and 2013, respectively.

For fiscal-years 2014 and 2013, grants of approximately \$4,418,000 and \$4,457,000, respectively, were made to not-for-profit organizations that have board members in common with the Organization's Board of Trustees.

#### NOTE G - RETIREMENT BENEFITS

The Organization has a defined-benefit retirement plan formed under Internal Revenue Code Section 403(b) that covers all employees who meet certain length-of-service requirements. Vesting of the Organization's contributions occurs after the completion of five years of service.

At each fiscal year-end, the plan's funded status, accrued benefit cost, and other underlying data were as follows:

	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
Accumulated benefit obligation	<u>\$ (4,173,855)</u>	<u>\$ (3,085,554)</u>
Projected benefit obligation	<u>\$ (4,173,855)</u>	<u>\$ (3,952,519)</u>
Fair value of plan assets	<u>2,433,644</u>	<u>2,128,553</u>
Funded status (obligation in excess of assets)	<u>\$ (1,740,211)</u>	<u>\$ (1,823,966)</u>
Accrued benefit cost reported in the statements of financial position	<u>\$ (1,740,211)</u>	<u>\$ (1,823,966)</u>
Changes in retirement benefits other than included in operating expenses	<u>\$ 503,428</u>	<u>\$ (202,666)</u>
Net periodic pension cost included the following components:		
Service cost benefits earned during the period	\$ 273,487	\$ 240,708
Interest cost on projected benefit obligation	192,022	155,092
Amortization of accumulated loss	110,437	97,560
Actual return on assets	(127,191)	143,821
Net asset gain deferred during period	<u>(29,082)</u>	<u>(283,478)</u>
Net periodic pension costs	<u>\$ 419,673</u>	<u>\$ 353,703</u>
Weighted-average assumptions:		
Discount rate	4.39%	4.90%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	2.00%	2.00%
Employer contributions	<u>\$ 200,000</u>	<u>\$ 0</u>
Benefits paid	<u>\$ (22,100)</u>	<u>\$ (20,740)</u>

A contribution of \$445,000 was made to the plan by the Organization subsequent to September 30, 2014.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2014 and 2013

#### NOTE G - RETIREMENT BENEFITS (CONTINUED)

Subsequent to year end, the Board formalized its decision to amend the Plan benefits, resulting in the accumulated benefit obligation matching the projected benefit obligation.

At each fiscal year-end, plan assets were invested as follows:

	<u>September 30,</u>	
	<u>2014</u>	<u>2013</u>
Money-market funds	9%	1%
Equity securities	32	35
Fixed-income funds	<u>59</u>	<u>64</u>
Total	<u>100%</u>	<u>100%</u>

Based on expected future service, the benefit distributions expected to be paid in future fiscal years are:

<u>Year Ending September 30,</u>	<u>Expected Benefit Distributions</u>
2015	\$ 71,000
2016	70,000
2017	112,000
2018	120,000
2019	118,000
2020 - 2024	1,236,000

#### NOTE H - COMMITMENTS

- [1] The Organization rents office space under an operating lease agreement that expires on August 31, 2021. The lease requires minimum lease payments plus escalation charges. Rent expense for fiscal-years 2014 and 2013 was approximately \$535,000, and \$505,000, respectively. The minimum annual future obligations under this lease are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2015	\$ 566,819
2016	583,824
2017	601,338
2018	619,379
2019	637,960
Thereafter	1,275,962

- [2] In the normal course of business, the Organization enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

## **BROADWAY CARES/EQUITY FIGHTS AIDS, INC.**

### **Notes to Financial Statements September 30, 2014 and 2013**

#### **NOTE I - DEFICIT IN UNRESTRICTED NET ASSETS**

The deficit in unrestricted net assets is due largely to the Organization's accumulated postretirement benefit obligations. Management believes the Organization will have sufficient resources to meet these obligations.

#### **NOTE J - CONCENTRATION OF CREDIT RISK**

The Organization deposits its cash with major banking institutions in amounts which may, at times, be in excess of federal insurance limits. Management believes that the Organization has no significant risk of loss on these accounts due to the failure of the institutions, but, if appropriate, the Organization could purchase additional insurance coverage.

#### **NOTE K - SALE OF DONATED MUSICAL INSTRUMENT**

During fiscal-year 2012, the Organization received a donation of a musical instrument which was recorded at its appraised fair value of \$250,000. During fiscal-year 2014, the Organization sold the instrument at an auction to an unrelated party for approximately \$188,000, resulting in a realized loss of approximately \$62,000.