



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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015 and 2014**

## **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 are comprised of the statements of financial position as of September 30, 2015 and 2014, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, 2015 and 2014, 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  
May 31, 2016

**BROADWAY CARES/EQUITY FIGHTS AIDS, INC.****Statements of Financial Position**

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,354,902	\$ 1,214,360
Contributions and other receivables	90,619	42,276
Prepaid expenses and other current assets	319,864	287,916
Inventory	235,318	323,633
Property and equipment, net	122,933	118,965
Security deposit	<u>84,173</u>	<u>84,173</u>
	<b><u>\$ 3,207,809</u></b>	<b><u>\$ 2,071,323</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 324,055	\$ 244,163
Grants payable	540,000	500,000
Accrued pension liability	2,003,130	1,740,211
Deferred revenue	<u>453,125</u>	<u>197,309</u>
	<b><u>3,320,310</u></b>	<b><u>2,681,683</u></b>
Commitments (Note G)		
<b>NET ASSETS</b>		
Unrestricted, net deficit (Note H):		
Net assets from operations	(51,733)	(462,748)
Accrued postretirement benefit liability	<u>(384,689)</u>	<u>(493,654)</u>
	(436,422)	(956,402)
Temporarily restricted	<u>323,921</u>	<u>346,042</u>
	<b><u>(112,501)</u></b>	<b><u>(610,360)</u></b>
	<b><u>\$ 3,207,809</u></b>	<b><u>\$ 2,071,323</u></b>

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

**Statements of Activities**

	Year Ended September 30,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public support and revenue:</b>						
Contributions	\$ 18,709,387	\$ 58,213	\$ 18,767,600	\$ 15,510,367	\$ 51,014	\$ 15,561,381
Special events (net of direct benefit to donors of \$483,597 and \$546,557 in 2015 and 2014, respectively)	2,128,883		2,128,883	2,158,991		2,158,991
Merchandise sales	438,539		438,539	376,882		376,882
Donated goods and services	265,794		265,794	265,794		265,794
Realized losses on sale of assets	(595)		(595)	(62,341)		(62,341)
Interest and other income	664		664	1,100		1,100
Total public support and revenue before net assets released from restrictions	<u>21,542,672</u>	<u>58,213</u>	<u>21,600,885</u>	<u>18,250,793</u>	<u>51,014</u>	<u>18,301,807</u>
Net assets released from restrictions	<u>80,334</u>	<u>(80,334)</u>	<u>0</u>	<u>45,692</u>	<u>(45,692)</u>	<u>0</u>
Total public support and revenue	<u>21,623,006</u>	<u>(22,121)</u>	<u>21,600,885</u>	<u>18,296,485</u>	<u>5,322</u>	<u>18,301,807</u>
<b>Expenses:</b>						
Program services:						
Grants	11,956,096		11,956,096	10,694,777		10,694,777
Other program services	4,756,002		4,756,002	4,653,332		4,653,332
Total program services	<u>16,712,098</u>		<u>16,712,098</u>	<u>15,348,109</u>		<u>15,348,109</u>
Supporting services:						
Management and general	2,099,961		2,099,961	1,478,636		1,478,636
Fund-raising	2,399,932		2,399,932	2,134,619		2,134,619
Total supporting services	<u>4,499,893</u>		<u>4,499,893</u>	<u>3,613,255</u>		<u>3,613,255</u>
Total expenses	<u>21,211,991</u>		<u>21,211,991</u>	<u>18,961,364</u>		<u>18,961,364</u>
<b>Change in net assets before other adjustments</b>	<b>411,015</b>	<b>(22,121)</b>	<b>388,894</b>	<b>(664,879)</b>	<b>5,322</b>	<b>(659,557)</b>
Pension-related changes other than periodic cost	<u>108,965</u>		<u>108,965</u>	<u>503,428</u>		<u>503,428</u>
<b>Change in net assets</b>	<b>519,980</b>	<b>(22,121)</b>	<b>497,859</b>	<b>(161,451)</b>	<b>5,322</b>	<b>(156,129)</b>
Net assets (deficit) - beginning of year	<u>(956,402)</u>	<u>346,042</u>	<u>(610,360)</u>	<u>(794,951)</u>	<u>340,720</u>	<u>(454,231)</u>
<b>Net assets (deficit) - end of year</b>	<b>\$ (436,422)</b>	<b>\$ 323,921</b>	<b>\$ (112,501)</b>	<b>\$ (956,402)</b>	<b>\$ 346,042</b>	<b>\$ (610,360)</b>

See notes to financial statements

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

**Statement of Functional Expenses  
Year Ended September 30, 2015**

(with summarized financial information for 2014)

	Program Services	Management and General	Fund- Raising	Year Ended September 30,	
				2015	2014
Salaries	\$ 2,105,500	\$ 775,735	\$ 576,998	\$ 3,458,233	\$ 3,299,817
Payroll taxes and employee benefits	1,028,595	375,093	284,194	1,687,882	1,371,633
Professional fees and consultants	109,727	85,882	142,480	338,089	232,685
Rent	423,816	156,147	116,144	696,107	588,950
Telephone	11,511	42,118	3,155	56,784	58,696
Printing, advertising and publicity	60,857	56,224	371,927	489,008	529,489
Postage and shipping	64,739	39,147	107,155	211,041	209,714
Conference and meetings	27,485	21,421	26,399	75,305	68,636
Mobilization and production costs	373,317		540,502	913,819	806,011
Merchandising expenses	367,519	1,207	82,840	451,566	369,745
Insurance	21,756	8,016	5,962	35,734	47,669
Dues and subscriptions	7,581	3,387	1,353	12,321	13,717
Security		13,968	24,480	38,448	36,721
Transportation and meals	41,937	26,042	64,334	132,313	109,696
Office supplies and expenses	70,722	86,743	39,813	197,278	191,777
Purchase of theater tickets	1,987	8,183		10,170	17,432
Repairs and maintenance		57,785		57,785	40,661
Credit card commissions	35,931	235,261	3,300	274,492	191,655
Corporate taxes and license fees	128	34,197	8,062	42,387	32,175
Depreciation and amortization		40,803		40,803	28,551
Miscellaneous	2,894	32,602	834	36,330	21,157
	<u>4,756,002</u>	<u>2,099,961</u>	<u>2,399,932</u>	<u>9,255,895</u>	<u>8,266,587</u>
Grants provided	<u>11,956,096</u>			<u>11,956,096</u>	<u>10,694,777</u>
	<u>\$ 16,712,098</u>	<u>\$ 2,099,961</u>	<u>\$ 2,399,932</u>	<u>\$ 21,211,991</u>	<u>\$ 18,961,364</u>

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Statement of Functional Expenses Year Ended September 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Salaries	\$ 2,233,445	\$ 532,603	\$ 533,769	\$ 3,299,817
Payroll taxes and employee benefits	930,333	220,517	220,783	1,371,633
Professional fees and consultants	94,029	47,715	90,941	232,685
Rent	398,624	95,059	95,267	588,950
Telephone	25,231	27,435	6,030	58,696
Printing, advertising and publicity	66,980	61,002	401,507	529,489
Postage and shipping	61,946	37,831	109,937	209,714
Conference and meetings	30,750	19,203	18,683	68,636
Mobilization and production costs	357,649		448,362	806,011
Merchandising expenses	310,655	4,055	55,035	369,745
Insurance	32,264	7,694	7,711	47,669
Dues and subscriptions	8,762	3,890	1,065	13,717
Security		14,511	22,210	36,721
Transportation and meals	31,865	18,151	59,680	109,696
Office supplies and expenses	67,684	78,207	45,886	191,777
Purchase of theater tickets	2,165	15,267		17,432
Repairs and maintenance		40,661		40,661
Credit card commissions		191,641	14	191,655
Corporate taxes and license fees	295	15,291	16,589	32,175
Depreciation and amortization		28,551		28,551
Miscellaneous	<u>655</u>	<u>19,352</u>	<u>1,150</u>	<u>21,157</u>
	4,653,332	1,478,636	2,134,619	8,266,587
Grants provided	<u>10,694,777</u>			<u>10,694,777</u>
	<u>\$15,348,109</u>	<u>\$ 1,478,636</u>	<u>\$ 2,134,619</u>	<u>\$18,961,364</u>

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

	<b>Year Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 497,859	\$ (156,129)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	40,803	28,551
Donated investments	(59,607)	(188,624)
Proceeds from sales of donated investments	59,012	188,027
Realized losses on sale of donated investments	595	597
Proceeds from sale of donated instrument		188,255
Realized loss from sale of donated instrument		61,744
Changes in:		
Contributions and other receivables	(48,343)	(12,034)
Prepaid expenses and other current assets	(31,948)	(71,843)
Inventory	88,315	(10,671)
Security deposit		(4,857)
Accounts payable and accrued expenses	79,892	60,473
Grants payable	40,000	250,000
Accrued pension liability	262,919	(83,755)
Deferred revenue	255,816	(302,947)
Net cash provided by (used in) operating activities	<u>1,185,313</u>	<u>(53,213)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	<u>(44,771)</u>	<u>(71,912)</u>
Net cash used in investing activities	<u>(44,771)</u>	<u>(71,912)</u>
<b>Net change in cash and cash equivalents</b>	<b>1,140,542</b>	<b>(125,125)</b>
Cash and cash equivalents - October 1	<u>1,214,360</u>	<u>1,339,485</u>
<b>Cash and cash equivalents - September 30</b>	<b><u>\$ 2,354,902</u></b>	<b><u>\$ 1,214,360</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Noncash donations of goods and services	<u>\$ 265,794</u>	<u>\$ 265,794</u>

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

### **Notes to Financial Statements September 30, 2015 and 2014**

#### **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 healthcare 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 theater 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, support and revenue and expenses. Actual results could differ from those estimates.

##### **[4] Cash and 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 purpose 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.



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

### **Notes to Financial Statements September 30, 2015 and 2014**

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

**[6] Advertising costs:**

Advertising costs are expensed as incurred.

**[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] 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.

**[9] Inventory:**

Inventory consists of merchandise available for sale and is valued at the lower of cost or fair value at the fiscal year-end. Certain items have been contributed to inventory and have been recorded at their approximate fair values at the dates of contribution. Obsolete inventory is written off as necessary.

**[10] 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 life 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, 2015 and 2014, respectively, and, in the opinion of management, there were no impairments. 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.

**[11] Accrued vacation:**

Accrued vacation is included as an accrued expense 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 2015 and 2014 was approximately \$44,000 and \$26,000, respectively.

**[12] 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.

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

### **Notes to Financial Statements September 30, 2015 and 2014**

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

##### **[13] Revenue recognition:**

###### *(i) 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.

###### *(ii) 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 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 cost of the event that is attributable to the benefit that the donors receive.

###### *(iii) 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.

###### *(iv) Care-Tix sales:*

The Organization has access to available seats at Broadway and Off-Broadway shows, which are sold to the general public generally 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.

##### **[14] 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.

##### **[15] 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 2015 and 2014 were \$540,000 and \$500,000, respectively. The grants will be paid in the upcoming year.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2015 and 2014

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

##### [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 the Organization has always recorded the potential liability for this tax, when applicable, and 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 financial statements.

##### [17] Subsequent events:

The Organization considers all of 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, 2015 through May 31, 2016, the date the financial statements were available to be issued.

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

Effective September 30, 2014, the Organization restated its net assets to report the impact of an actuarial adjustment to the calculation of the postretirement plan liability.

#### NOTE B - PROPERTY AND EQUIPMENT

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

	<b>September 30,</b>	
	<b>2015</b>	<b>2014</b>
Office furniture and fixtures	<b>\$ 150,667</b>	\$ 144,862
Equipment	<b>121,026</b>	95,495
Leasehold improvements	<b>163,943</b>	150,508
	<b>435,636</b>	390,865
Less accumulated depreciation and amortization	<b>(312,703)</b>	(271,900)
	<b><u>\$ 122,933</u></b>	<b><u>\$ 118,965</u></b>

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2015 and 2014

#### NOTE C - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
Revolucion Latina	\$ 82,209	\$ 65,834
Broadway Impact	99,174	138,497
Green Alliance	63,262	61,453
International Community Bakeries		16,011
Broadway Serves	79,276	39,247
Time restrictions		<u>25,000</u>
	<u>\$ 323,921</u>	<u>\$ 346,042</u>

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

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
Broadway Impact	\$ 39,323	\$ 20,692
International Community Bakeries	16,011	
Time restrictions	<u>25,000</u>	<u>25,000</u>
	<u>\$ 80,334</u>	<u>\$ 45,692</u>

#### NOTE D - DONATED GOODS AND SERVICES

For recognition of donated goods and services in the Organization's financial statements, such goods or services must (i) create or enhance non-financial assets or (ii) be performed by individuals possessing those skills, and (iii) typically need to be acquired if not provided by donation. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated services are reported as both contributions and offsetting expenses in the accompanying statements of activities.

During fiscal-years 2015 and 2014, the Organization received donated goods and services as follows:

	<u>Year Ended</u> <u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
Donated goods:		
Airline tickets	\$ <u>150,000</u>	\$ <u>150,000</u>
Donated services:		
Advertising	<u>115,794</u>	<u>115,794</u>
Total donated goods and services	<u>\$ 265,794</u>	<u>\$ 265,794</u>

During fiscal-years 2015 and 2014, the Organization received donated auction items for experiences and autographed memorabilia, for which there are no readily determinable fair market values. These contributions were recorded within these financial statements at the values for which they were sold during the auction process.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2015 and 2014

#### NOTE E - 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 \$37,938 and \$38,520 for fiscal-years 2015 and 2014, respectively.

For fiscal-years 2015 and 2014, grants of approximately \$5,341,000 and \$4,418,000, respectively, were made to not-for-profit organizations that have board members in common with the Organization's Board of Trustees.

#### NOTE F - 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:

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
Accumulated benefit obligation	<u>\$ (4,848,024)</u>	<u>\$ (4,173,855)</u>
Projected benefit obligation	<u>\$ (4,848,024)</u>	<u>\$ (4,173,855)</u>
Fair value of plan assets	<u>2,844,894</u>	<u>2,433,644</u>
Funded status (obligation in excess of assets)	<u>\$ (2,003,130)</u>	<u>\$ (1,740,211)</u>
Accrued benefit cost reported in the statements of financial position	<u>\$ (2,003,130)</u>	<u>\$ (1,740,211)</u>
Changes in retirement benefits other than included in operating expenses	<u>\$ 108,965</u>	<u>\$ 503,428</u>
Net periodic pension cost included the following components:		
Service cost benefits earned during the period	\$ 262,667	\$ 273,487
Interest cost on projected benefit obligation	185,642	192,022
Amortization of accumulated loss	133,884	110,437
Actual return on assets	13,350	(127,191)
Net asset gain deferred during period	(181,243)	(29,082)
Amortization of prior service cost	<u>(42,416)</u>	<u>                    </u>
Net periodic pension costs	<u>\$ 371,884</u>	<u>\$ 419,673</u>
Weighted-average assumptions:		
Discount rate	4.41%	4.39%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	3.00%	2.00%
Employer contributions	<u>\$ 445,000</u>	<u>\$ 200,000</u>
Benefits paid	<u>\$ (20,400)</u>	<u>\$ (22,100)</u>

A contribution of \$196,000 was made to the plan by the Organization subsequent to September 30, 2015.

## BROADWAY CARES/EQUITY FIGHTS AIDS, INC.

### Notes to Financial Statements September 30, 2015 and 2014

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

During the fiscal-year 2015, the Board formalized its decision to amend the Plan benefits and subsequently amended the Plan document in February 2016, 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>2015</u>	<u>2014</u>
Money-market funds	2%	9%
Equity securities	31	32
Fixed-income funds	<u>67</u>	<u>59</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>
2016	\$ 73,000
2017	116,000
2018	124,000
2019	123,000
2020	220,000
2021 - 2025	1,270,000

#### NOTE G - COMMITMENTS

##### [1] Operating leases:

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 both fiscal-years 2015 and 2014 was approximately \$535,000. The minimum annual future obligations under this lease are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 583,824
2017	601,338
2018	619,379
2019	637,960
2020	657,098
Thereafter	618,666

##### [2] Other contracts:

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, 2015 and 2014**

#### **NOTE H - 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 I - CREDIT RISK**

The Organization maintains its cash and cash equivalents in bank accounts in amounts which, at times, may exceed federally insured limits. Management believes that the Organization is not exposed to any significant risk of loss on these accounts that may arise from the failure of the banking institutions.

#### **NOTE J - 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.