

# **Chicago Cares, Inc.**

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**Financial Report  
December 31, 2013**

# Chicago Cares, Inc.

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## Independent Auditor's Report

To the Board of Directors  
Chicago Cares, Inc.

We have audited the accompanying financial statements of Chicago Cares, Inc. (Chicago Cares or the "Organization"), which comprise the statement of financial position as of December 31, 2013 and 2012 and the related statements of activities and changes in net assets, 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***

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 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 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 entity'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 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 financial statements.

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

To the Board of Directors  
Chicago Cares, Inc.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Cares, Inc. as of December 31, 2013 and 2012 and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

March 25, 2014

# Chicago Cares, Inc.

## Statement of Financial Position

	December 31, 2013	December 31, 2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 400,831	\$ 659,634
Contributions receivables	230,204	119,403
Investments (Note 2)	1,200,237	830,051
Prepaid expenses	46,544	41,246
Total current assets	1,877,816	1,650,334
<b>Security Deposit</b>	17,602	17,602
<b>Property and Equipment - Net (Note 3)</b>	33,588	80,930
Total assets	<b>\$ 1,929,006</b>	<b>\$ 1,748,866</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 28,127	\$ 26,860
Deferred rent	23,167	-
Accrued expenses	79,254	31,688
Total current liabilities	130,548	58,548
<b>Other Long-term Liabilities - Deferred rent</b>	-	76,208
Total liabilities	130,548	134,756
<b>Net Assets</b>		
Unrestricted:		
Undesignated - General operating	1,209,675	1,009,833
Board designated - Operating reserve (Note 6)	250,000	250,000
Temporarily restricted (Note 5)	338,783	354,277
Total net assets	1,798,458	1,614,110
Total liabilities and net assets	<b>\$ 1,929,006</b>	<b>\$ 1,748,866</b>

# Chicago Cares, Inc.

## Statement of Activities and Changes in Net Assets Year Ended December 31, 2013 (with comparative total for year ended December 31, 2012)

	December 31, 2013			December 31, 2012		
	Unrestricted	Temporarily Restricted	2013	Unrestricted	Temporarily Restricted	2012
<b>Revenue</b>						
Public support:						
Contributions:						
Corporate	\$ 2,329,775	\$ 337,783	\$ 2,667,558	\$ 1,988,465	\$ 354,277	\$ 2,342,742
Individual	485,683	-	485,683	331,351	-	331,351
Foundations	197,962	-	197,962	71,474	-	71,474
In-kind donations (Note 4)	261,196	-	261,196	323,267	-	323,267
Total public support	3,274,616	337,783	3,612,399	2,714,557	354,277	3,068,834
Net realized and unrealized losses on investments	-	-	-	(4)	-	(4)
Interest income	95	-	95	388	-	388
Net assets released from restrictions	353,277	(353,277)	-	572,415	(572,415)	-
Total revenue	3,627,988	(15,494)	3,612,494	3,287,356	(218,138)	3,069,218
<b>Expenses</b>						
Education and support	2,299,415	-	2,299,415	2,334,220	-	2,334,220
Environment	57,912	-	57,912	115,232	-	115,232
Human services	534,325	-	534,325	698,377	-	698,377
Management and general	184,780	-	184,780	83,668	-	83,668
Fundraising	351,714	-	351,714	313,678	-	313,678
Total expenses	3,428,146	-	3,428,146	3,545,175	-	3,545,175
<b>Increase (Decrease) in Net Assets</b>	199,842	(15,494)	184,348	(257,819)	(218,138)	(475,957)
<b>Net Assets - Beginning of year</b>	1,259,833	354,277	1,614,110	1,517,652	572,415	2,090,067
<b>Net Assets - End of year</b>	<u>\$ 1,459,675</u>	<u>\$ 338,783</u>	<u>\$ 1,798,458</u>	<u>\$ 1,259,833</u>	<u>\$ 354,277</u>	<u>\$ 1,614,110</u>

# Chicago Cares, Inc.

## Statement of Functional Expenses Year Ended December 31, 2013

	Year Ended December 31, 2013							2013
	Program Services				Support Services			
	Education and Support	Environment	Human Services	Total	Management and General	Fundraising	Total	
Salaries	\$ 943,073	\$ 34,943	\$ 322,387	\$ 1,300,403	\$ 92,142	\$ 252,545	\$ 344,687	\$ 1,645,090
Payroll taxes and fringe benefits	200,454	7,427	68,524	276,405	13,003	37,664	50,667	327,072
Total salaries and related expenses	1,143,527	42,370	390,911	1,576,808	105,145	290,209	395,354	1,972,162
Bad debt	1,851	69	633	2,553	149	298	447	3,000
Depreciation and amortization	33,351	1,236	11,401	45,988	2,693	5,373	8,066	54,054
Fees	5,439	160	1,480	7,079	2,032	10,368	12,400	19,479
Insurance	13,792	511	4,715	19,018	1,114	2,222	3,336	22,354
Meals	2,228	70	646	2,944	2,452	2,502	4,954	7,898
Occupancy	105,314	3,734	34,452	143,500	8,137	16,240	24,377	167,877
Office equipment	11,935	442	4,078	16,455	963	1,922	2,885	19,340
Office supplies	6,516	162	1,494	8,172	955	738	1,693	9,865
Outside services	61,702	444	4,099	66,245	5,128	3,047	8,175	74,420
Postage	1,247	45	415	1,707	98	829	927	2,634
Printing and publications	628	3	29	660	29	361	390	1,050
Professional fees	730	27	250	1,007	50,183	118	50,301	51,308
Program supplies	850,175	6,779	62,547	919,501	-	105	105	919,606
Subscriptions and memberships	2,600	96	889	3,585	237	1,742	1,979	5,564
Technology	50,262	1,498	13,817	65,577	4,177	10,757	14,934	80,511
Telephone	5,518	205	1,886	7,609	446	889	1,335	8,944
Travel	2,600	61	583	3,244	842	3,994	4,836	8,080
Total functional expenses	<u>\$ 2,299,415</u>	<u>\$ 57,912</u>	<u>\$ 534,325</u>	<u>\$ 2,891,652</u>	<u>\$ 184,780</u>	<u>\$ 351,714</u>	<u>\$ 536,494</u>	<u>\$ 3,428,146</u>

# Chicago Cares, Inc.

## Statement of Functional Expenses (Continued) Year Ended December 31, 2012

	Program Services				Support Services			2012
	Education and Support	Environment	Human Services	Total	Management and General	Fundraising	Total	
Salaries	\$ 901,806	\$ 67,600	\$ 407,392	\$ 1,376,798	\$ 37,259	\$ 188,488	\$ 225,747	\$ 1,602,545
Payroll taxes and fringe	204,444	15,325	92,358	312,127	8,382	42,397	50,779	362,906
<b>Total salaries and related expenses</b>	<b>1,106,250</b>	<b>82,925</b>	<b>499,750</b>	<b>1,688,925</b>	<b>45,641</b>	<b>230,885</b>	<b>276,526</b>	<b>1,965,451</b>
Bad debt	2,245	168	1,014	3,427	95	478	573	4,000
Depreciation and amortization	49,083	3,679	22,174	74,936	2,065	10,445	12,510	87,446
Fees	4,605	197	1,185	5,987	1,771	11,372	13,143	19,130
Insurance	12,754	956	5,762	19,472	536	2,714	3,250	22,722
Meals	2,201	72	437	2,710	809	360	1,169	3,879
Occupancy	99,120	7,127	42,953	149,200	3,999	20,232	24,231	173,431
Office equipment	10,900	817	4,924	16,641	458	2,319	2,777	19,418
Office supplies	4,388	185	1,132	5,705	106	4,815	4,921	10,626
Outside services	43,659	3,167	19,082	65,908	4,496	12,539	17,035	82,943
Postage	1,385	108	650	2,143	66	593	659	2,802
Printing and publications	3,306	248	1,494	5,048	38	3,229	3,267	8,315
Professional fees	-	-	-	-	21,166	-	21,166	21,166
Program supplies	928,951	11,224	71,465	1,011,640	-	-	-	1,011,640
Subscriptions and memberships	3,252	237	1,429	4,918	123	692	815	5,733
Technology	57,127	3,587	21,712	82,426	1,950	9,866	11,816	94,242
Telephone	4,611	506	3,041	8,158	194	981	1,175	9,333
Travel	383	29	173	585	155	2,158	2,313	2,898
<b>Total functional expenses</b>	<b>\$ 2,334,220</b>	<b>\$ 115,232</b>	<b>\$ 698,377</b>	<b>\$ 3,147,829</b>	<b>\$ 83,668</b>	<b>\$ 313,678</b>	<b>\$ 397,346</b>	<b>\$ 3,545,175</b>



# Chicago Cares, Inc.

## Statement of Cash Flows

	Year Ended	
	December 31, 2013	December 31, 2012
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 184,348	\$ (475,957)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation and amortization	54,054	87,446
Bad debt expense	3,000	4,000
Realized and unrealized loss	-	4
Donated securities	(20,100)	-
Changes in operating assets and liabilities which (used) provided cash:		
Contributions receivable	(113,801)	54,707
Prepaid expenses	(5,298)	52,479
Accounts payable and accrued expenses	48,833	9,783
Deferred rent	(53,041)	(43,586)
Net cash provided by (used in) operating activities	97,995	(311,124)
<b>Cash Flows from Investing Activities</b>		
Redemptions of money market funds	450,000	603,657
Deposits into money market funds	(800,086)	-
Capital expenditures	(6,712)	(5,065)
Net cash (used in) provided by investing activities	(356,798)	598,592
<b>Net (Decrease) Increase in Cash</b>	(258,803)	287,468
<b>Cash - Beginning of year</b>	659,634	372,166
<b>Cash - End of year</b>	<u>\$ 400,831</u>	<u>\$ 659,634</u>

### **Note 1 - Nature of Activities and Significant Accounting Policies**

Founded in 1991, Chicago Cares, Inc. (Chicago Cares or the "Organization") builds volunteer experiences that mobilize and inspire people to make Chicago a stronger community. The Organization was incorporated on May 2, 1991, under the Illinois General Not For Profit Corporation Act of 1986.

The Organization provides an opportunity for individuals, groups, and businesses to improve the Chicago community through creative, structured group volunteer programs designed to address Chicago's most pressing needs. Since its inception, the Organization has created, managed, and led more than 37,000 community service projects, engaged over 461,300 individuals in volunteerism, and dedicated more than 1.6 million hours of service to the City of Chicago.

The Organization's programs are divided into the following issue areas:

#### **Education and Support**

- Adult education and development programs serve a variety of adults in learning English as a second language, practicing interview skills, and maintaining a positive self-image during a time of transition. Volunteer roles vary by program and include tutoring, consulting, coaching, and mentoring.
- Children's education and development programs offer youth and volunteers shared experiences such as reading together, working through homework assignments, or exploring the diverse cultural opportunities in the city. Volunteers may also assist youth in critical thinking or computer skills and often play a key role in sharing information on world cultures and the many opportunities available to students after high school.
- Corporate volunteer programs enable companies to make a meaningful contribution to Chicago communities and complement workplace team building, promote leadership development, and raise employee morale. Companies can also sponsor and participate in annual one-day special service events - the Chicago Cares Celebration of Service in honor of Dr. Martin Luther King Jr. in January and the Chicago Cares Serve-a-thon in June. These events bring together thousands of corporate volunteers and community members to complete service projects throughout the city. These celebrations of community service promote the spirit of volunteerism, demonstrate good corporate citizenship, and allow Chicago Cares and its volunteers to make a significant impact in the city in just one day. The special service events also raise funds to support the Organization's year-round programs.

### **Note I - Nature of Activities and Significant Accounting Policies (Continued)**

#### **Environment**

- Environmental projects allow volunteers to get their hands dirty as they tend to conservatory exhibits and community gardens. Volunteers will paint, plant, weed, or clean, depending on the season. These projects provide the opportunity to work in some of the city's most naturally beautiful locations to help ensure Chicago remains one of the world's top green cities. Chicago Cares partners with the city's parks, schools, and community groups on year-round and seasonal projects.

#### **Human Services**

- Health and wellness encompasses all programs serving those living with HIV and AIDS, as well as vision screening for children from under-resourced communities within Chicago.
- Senior services programs provide activities and companionship to seniors living in isolation. Seniors living alone have a higher rate of both mental and physical ailments and are more likely to be the victims of elder abuse. Through structured activities and intergenerational contact, volunteers help keep seniors engaged in life and connected to the world around them.
- Youth in Service (YIS) offers meaningful volunteer opportunities for youth 18 and under in the Chicago area. Projects are hands-on and cover a variety of issue areas including hunger, the environment, and senior services. These projects are great for families, youth groups, and individual youth ages 12 to 18, helping to inspire the next generation to become lifetime volunteers.
- Hunger programs help partner organizations address the critical hunger crisis facing individuals and families in Chicago. Tasks include sorting and packing food at a local food bank, volunteering at an emergency food pantry, or serving meals at a café program.

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Cash** - The Organization maintains its cash in a checking account at JPMorgan Chase Bank, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and the Organization's management believes that the Organization is not exposed to any significant credit risks on cash.

### **Note I - Nature of Activities and Significant Accounting Policies (Continued)**

**Contributions Receivable** - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. An allowance for uncollectible contributions receivable is provided based on management's judgment considering factors such as prior collections history, type of contribution, and nature of fundraising activity. All contributions are expected to be collected in one year or less. The Organization established an allowance for uncollectible contributions receivable of \$7,000 and \$4,000 at December 31, 2013 and 2012, respectively.

**Investments** - Investments are recorded at fair value based on quoted market prices. Investment securities are exposed to various risks such as interest rate, market, and credit 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 and that such changes could materially affect the amounts reported in the statement of financial position.

**Property and Equipment** - Property and equipment are reflected at cost for assets purchased and at fair value on the date of receipt for assets received as donations. The Organization's policy is to capitalize the cost of furniture and equipment with a value of \$500 or more and a useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Repairs and maintenance costs are charged to expense when incurred.

Leasehold improvements to the office space are recorded at cost and are amortized over the shorter of the lease term or their expected lives.

**Classification of Net Assets** - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

There are no permanently restricted net assets as of December 31, 2013 and 2012.

### **Note I - Nature of Activities and Significant Accounting Policies (Continued)**

**Public Support and Expenses** - Contributions, public support, and revenue, including unconditional promises to give, are measured at their fair values and are reported as increases in unrestricted net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Expenses are reported as decreases in unrestricted net assets.

**Donated Materials and Services** - Donated materials and services are recorded as support in the amount of their estimated value as of the date of receipt. The Organization also receives significant amounts of donated services from board members and other volunteers who assist in performing program and support services and fund-raising activities. Donated services from other volunteers have not been recognized in the statement of activities and changes in net assets because the criteria for recognition of those services has not been met.

**Functional Allocation of Expenses** - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimated time dedicated to each activity by the Organization's personnel. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

**Federal Income Taxes** - The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2010.

### **Note 1 - Nature of Activities and Significant Accounting Policies (Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including March 25, 2014, which is the date the financial statements were available to be issued.

### **Note 2 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2013 and 2012 and the valuation techniques used by the Organization to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

# Chicago Cares, Inc.

## Notes to Financial Statements December 31, 2013 and 2012

### Note 2 - Fair Value Measurements (Continued)

The Organization's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period. There were no such transfers during the years ended December 31, 2013 or 2012.

The Organization currently uses no Level 2 or 3 inputs.

#### Assets Measured at Fair Value on a Recurring Basis at December 31, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
<b>Assets</b> - Investments - Money market	\$ 1,200,237	\$ -	\$ -	\$ 1,200,237

#### Assets Measured at Fair Value on a Recurring Basis at December 31, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
<b>Assets</b> - Investments - Money market	\$ 830,051	\$ -	\$ -	\$ 830,051

### Note 3 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2013	2012	Depreciable Life - Years
Computer equipment and software	\$ 183,820	\$ 338,763	3
Furniture and other equipment	69,641	69,641	5
Leasehold improvements	127,264	127,264	3-4
Total cost	380,725	535,668	
Accumulated depreciation	347,137	454,738	
Net property and equipment	\$ 33,588	\$ 80,930	

Depreciation and amortization expenses amounted to \$54,054 for 2013 and \$87,446 for 2012.

# Chicago Cares, Inc.

## Notes to Financial Statements December 31, 2013 and 2012

### Note 4 - In-kind Donations

The Organization generally reports revenue from donated materials as unrestricted support unless explicit donor stipulations specify the manner in which donated assets should be used. Expense in an amount equal to revenue is recorded as program supplies. The estimated fair values of the contributions amounted to \$228,822 and \$310,087 for 2013 and 2012, respectively.

The Organization records donated services requiring specialized skills at the estimated fair values as of the dates of such contributions. Amounts totaling \$32,374 and \$13,180 for the years ended December 31, 2013 and 2012, respectively, were recorded as unrestricted revenue and professional fees. During 2013 and 2012, the Organization also received additional donated services that are not reflected in the financial statements because the values as of the dates of the contributions were undeterminable or immaterial.

### Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2013 and 2012 are restricted for the following:

	2013	2012
Programs and school grants	\$ 60,000	\$ 232,500
Business Shares Program	111,283	51,277
Martin Luther King Jr. Celebration of Service Program	1,000	28,000
Annual Serve-a-thon Program	61,500	42,500
Summer Programs - Youth in Service	25,000	-
Time restricted	80,000	-
Total temporarily restricted net assets	<u>\$ 338,783</u>	<u>\$ 354,277</u>

### Note 6 Board-designated Net Assets

The board of directors has designated \$250,000 to provide for anticipated operating needs, facility growth and enhancement, and building a technology platform.

### Note 7 - Retirement Plan

The Organization has a defined contribution plan that is available to all eligible employees based upon age and length of service under provisions of Section 401(k) of the Internal Revenue Code. Effective January 1, 2011, the board amended its 401(k) plan to include a matching contribution of up to 2 percent of each qualifying participant's wages. The Organization made total contributions of \$29,209 and \$29,131 for 2013 and 2012, respectively, for the active participants who were employed with the Organization.



### Note 8 - Operating Leases

In September 2010, the Organization entered into a sublease arrangement consisting of approximately 12,850 square feet with an existing tenant at Two North Riverside Plaza, Chicago, Illinois. The lease provides for base rent in addition to its pro-rata share of operating expenses and real estate taxes (as defined in the agreement). The lease commenced on November 1, 2010 and is for a term of 43 months and terminates on May 31, 2014. The Organization received an abatement for the first three months of the lease term in an amount of \$16,115 per month and a one-time improvement allowance of \$107,100 for improvement work to the leased space (as defined in the agreement).

Accounting Standards require that rent expense be recognized ratably over the lease term. The deferred rent liability for the tenant improvement allowance and rent abatement amounted to \$23,167 and \$76,208 as of December 31, 2013 and 2012, respectively.

Rent expense for the years ended December 31, 2013 and 2012 amounted to \$167,877 and \$173,431, respectively.

The following is a schedule by year of future minimum rental payments under operating leases, as of December 31, 2013.

2014	<u>\$ 88,010</u>
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