

ISSUE PROJECT ROOM, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2013

ISSUE PROJECT ROOM, INC.
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RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Issue Project Room, Inc.
Brooklyn, NY

We have audited the accompanying financial statements of Issue Project Room, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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.

Auditors' 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Issue Project Room, Inc. as of December 31, 2014, 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 Issue Project Room, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 13, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
July 21, 2015

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

ISSUE PROJECT ROOM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

(With summarized comparative information for the year ended December 31, 2013)

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	\$ 16,753	\$ 46,615
Contributions receivable	5,706	5,000
Grants receivable	16,160	40,845
Prepaid expenses	6,755	6,675
Total current assets	45,374	99,135
Property and equipment, net of accumulated depreciation	420,816	175,158
Other assets		
Artwork held for sale	1,350	1,700
Total other assets	1,350	1,700
TOTAL ASSETS	\$ 467,540	\$ 275,993
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 19,432	\$ 20,678
Interest payable	-	7,236
Line of credit	99,929	99,929
Due to fiscally sponsored projects	11,200	-
Loan payable	-	23,000
Loan payable - related party	-	71,000
Deferred revenue	-	1,300
Total current liabilities	130,561	223,143
Net assets		
Unrestricted	(19,444)	(108,519)
Temporarily restricted	356,423	161,369
Total net assets	336,979	52,850
TOTAL LIABILITIES AND NET ASSETS	\$ 467,540	\$ 275,993

ISSUE PROJECT ROOM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With summarized comparative information for the year ended December 31, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Revenue and support				
Grants and contributions				
Government	\$ 84,975	\$ 255,177	\$ 340,152	\$ 186,492
Foundations and other	123,911	-	123,911	94,130
Individuals	183,747	-	183,747	90,839
Corporate	17,500	-	17,500	59,314
Contributed rent	39,922	-	39,922	39,922
	<u>450,055</u>	<u>255,176</u>	<u>705,232</u>	<u>470,697</u>
Special events				
Direct benefits to donors	9,195	-	9,195	20,965
<i>Less: costs of direct benefits to donors</i>	(6,866)	-	(6,866)	(18,704)
Contributions:				
Excess ticket sales revenue	5,249	-	5,249	21,050
In-kind contributions	2,324	-	2,324	-
Donated artwork	-	-	-	1,700
	<u>9,902</u>	<u>-</u>	<u>9,902</u>	<u>25,011</u>
Total grants and contributions	459,957	255,176	715,134	495,708
Program service revenue				
Box office and concessions	204,261	-	204,261	109,255
Rental income	44,996	-	44,996	22,950
Total program service revenue	249,257	-	249,257	132,205
Other income				
Interest income	4	-	4	4
Miscellaneous income	2,352	-	2,352	325
Total other income	2,356	-	2,356	329
Net assets released from restrictions	60,122	(60,122)	-	-
	<u>771,692</u>	<u>195,054</u>	<u>966,747</u>	<u>628,242</u>
Expenses				
Program services	565,891	-	565,891	440,317
Supporting services				
Management and general	95,304	-	95,304	92,346
Fundraising	21,422	-	21,422	16,480
	<u>682,617</u>	<u>-</u>	<u>682,617</u>	<u>549,143</u>
Increase in net assets	89,075	195,054	284,129	79,099
Net assets - beginning of year	(108,519)	161,369	52,850	(26,249)
Net assets - end of year	<u>\$ (19,444)</u>	<u>\$ 356,423</u>	<u>\$ 336,979</u>	<u>\$ 52,850</u>

ISSUE PROJECT ROOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With summarized comparative information for the year ended December 31, 2013)

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2014 Total</u>	<u>2013 Total</u>
Salaries and related payroll expenses	\$ 208,682	\$ 39,128	\$ 13,043	\$ 260,853	\$ 208,722
Artist fees	148,671	-	-	148,671	99,352
Travel	68,254	-	-	68,254	16,201
Contributed rent	31,938	5,988	1,996	39,922	39,922
Contract services	16,291	7,992	-	24,283	35,347
Rent and occupancy costs	12,322	1,802	601	14,725	15,769
Concessions	14,386	-	-	14,386	21,642
Bank and merchant processing fees	11,061	746	-	11,807	8,892
Depreciation	-	11,198	-	11,198	13,503
Equipment rental	10,504	-	-	10,504	13,237
Supplies	8,328	1,561	520	10,409	6,916
Professional fees	-	9,074	-	9,074	9,773
Front of house expenses	8,731	-	-	8,731	6,318
Interest expense	-	6,899	-	6,899	11,743
Insurance	6,332	-	-	6,332	3,861
Promotional expenses	4,996	937	312	6,245	6,158
Permit and fees	5,689	-	-	5,689	8,622
Office expenses	-	4,860	-	4,860	1,157
Event and other fundraising expenses	-	-	4,737	4,737	2,466
Telephone and internet	3,415	640	213	4,268	6,556
Cleaning and maintenance	-	2,725	-	2,725	3,573
Curatorial fees	2,573	-	-	2,573	1,256
Royalties	2,283	-	-	2,283	1,991
Printing and production	1,435	-	-	1,435	3,792
Postage and delivery	-	1,158	-	1,158	1,110
Miscellaneous	-	596	-	596	-
Meals and meetings	-	-	-	-	1,264
	<u>\$ 565,891</u>	<u>\$ 95,304</u>	<u>\$ 21,422</u>	<u>\$ 682,617</u>	<u>\$ 549,143</u>

ISSUE PROJECT ROOM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With summarized comparative information for the year ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase in net assets	\$ 284,129	\$ 79,099
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation	11,198	13,503
NYC DCA capital expenditures made on behalf of Organization	(255,177)	(101,247)
Repayment of FCNY loan by NYC DCA on behalf of Organization	-	(35,200)
Donated artwork held for sale	350	(1,700)
(Increase) decrease in operating assets:		
Contributions receivable	(706)	5,000
Grants receivable	24,685	2,130
Prepaid expenses	(80)	(4,673)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(1,246)	(1,302)
Interest payable	(7,236)	2,345
Due to fiscally sponsored projects	11,200	-
Deferred revenue	(1,300)	(4,100)
Total adjustments	<u>(218,312)</u>	<u>(125,244)</u>
Net cash provided by (used in) operating activities	<u>65,817</u>	<u>(46,145)</u>
Cash flows from investing activities:		
Acquisition of leasehold improvements	(1,680)	(2,059)
Net cash used in investing activities	<u>(1,680)</u>	<u>(2,059)</u>
Cash flows from financing activities:		
Proceeds from loans payable - Fund for the City of New York	55,710	81,200
Repayments of loans payable - Fund for the City of New York	(78,710)	(23,000)
Repayments of loans payable - related party	(71,000)	-
Net cash provided by (used in) financing activities	<u>(94,000)</u>	<u>58,200</u>
Net increase (decrease) in cash and cash equivalents	(29,862)	9,996
Cash and cash equivalents, beginning of year	46,615	36,619
Cash and cash equivalents, end of year	<u>\$ 16,753</u>	<u>\$ 46,615</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 6,899	\$ 7,786
Income taxes	\$ -	\$ -
Noncash investing and financing activities:		
NYC DCA capital expenditures made on behalf of Organization	\$ 255,177	\$ 101,247
Repayment of FCNY loan by NYC DCA on behalf of Organization	\$ -	\$ 35,200

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Issue Project Room, Inc. (the “Organization”) was organized as a not-for-profit corporation on November 4, 2003 under the laws of the State of New York. The mission of the Organization is to provide established and emerging artists a platform to challenge and expand conventional practices in art through innovative programs, events, exhibitions, performances, talks and concerts. The Organization’s programs are as follows:

Artists-In-Residence – offers artists an opportunity to develop significant works in partnership with the Organization over the course of the year.

Live Music Performances – performance series featuring young and emerging artists and musicians.

The Organization’s programs are supported primarily by government, foundation, individual, and corporate donor contributions.

Basis of Accounting

Revenues and expenses are recorded on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization presents its financial statements under the guidelines of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Accounts Receivable

Program service revenue earned but not yet received that is expected to be collected within one year is recorded as accounts receivable at net realizable value. If amounts become uncollectible, they will be charged to operations when that determination is made.

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions Receivable

Unconditional promises to give from individuals that are expected to be collected within one year are recorded as contributions receivable at net realizable value. If amounts become uncollectible, they will be charged to operations when that determination is made.

Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as grants receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000 at cost, if purchased, or at fair value on the date of receipt, if donated. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Equipment	5
Furniture and fixtures	5
Leasehold improvements	Lease term

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Agency Transactions

As a fiscal agent, the Organization agrees to pass assets (cash) received from donors to an entity or individual specified by those donors. The Organization has little or no discretion in determining the use of assets transferred to them. The Organization's policy is to recognize the cash received and an offsetting liability, "Due to Fiscally Sponsored Projects", until the funds are fully distributed to the ultimate beneficiary, at which time the liability is removed from the Organization's books.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. For the year ended December 31, 2014, advertising expense amounted to \$3,660.

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services

A number of volunteers have donated significant amounts of their time to the Organization in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (this is 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 as net assets released from restrictions. Restricted contributions whose restrictions are met in the reporting period are recorded as unrestricted contributions.

Foundation and other grant awards received for specific purposes are recognized as support to the extent of the related expenses incurred in compliance with the specific restrictions, if any. The unexpended funds are reported as temporarily restricted net assets.

In-kind contributions are reflected as contributions at their fair value at date of donation and are offset by like amounts included in expenses or assets.

Program service revenues are recognized when earned.

Contributed artwork is recorded as contributions at fair market value on the date of receipt and recorded as artwork held for sale. Artwork is sold on a specific identification basis. Any difference between the item's initial fair value and the amount ultimately received is recognized as an increase or decrease to contributions.

Ticket sales from the Organization's special events are allocated based on the fair value of the benefit provided to the donors and is reported on the statement of activities as direct benefits to donors. The difference between the amounts paid by the donors and the fair value of the benefit received by the donors is considered contribution revenue and is reported as excess ticket sales revenue.

Costs of Direct Benefits to Donors

The costs of the items and services furnished to donors as inducements to attend the Organization's special events are presented as a deduction from direct benefits to donors on the statement of activities.

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2013

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional Allocation of Expenses

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

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended December 31, 2013, 2012 and 2011 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2014, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Comparative Data

The amounts shown for the year ended December 31, 2013 in the accompanying financial statements are included to provide a basis for comparison with 2014 and present summarized totals only. Accordingly, the 2013 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Date of Management's Review

Management has evaluated subsequent events through July 21, 2015 which is the date the financial statements were available to be issued.

2) FAIR VALUE MEASUREMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

3) CONTRIBUTIONS RECEIVABLE

Contributions receivable represent pledges from individuals received at December 31, 2014, but not collected as of the financial statement date. These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year ended December 31, 2014.

4) GRANTS RECEIVABLE

Grants receivable represents primarily grant commitments received at December 31, 2014 but not collected as of the financial statement date, and consists of the following:

New York City Department of Cultural Affairs	\$ 11,160
Robert D. Bielecki Foundation	<u>5,000</u>
	<u>\$ 16,160</u>

These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

5) ARTWORK HELD FOR SALE

Artwork held for sale consists of artwork contributed to the Organization at the 2013 Art Lottery & Benefit party for fundraising purposes unsold at year-end and is reflected at fair value.

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014

6) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2014. Depreciation expense for the year then ended was \$11,198.

Leasehold improvements	\$ 424,178
Equipment	31,063
Furniture and fixtures	<u>6,511</u>
	461,752
Less: accumulated depreciation	<u>40,936</u>
	<u>\$ 420,816</u>

7) LOANS PAYABLE

During the year ended December 31, 2014, the Organization received \$55,710 in short-term loans from the Fund for the City of New York (the "Fund"). The Organization repaid \$78,710 in loans to the Fund which included a balance owed from the prior year. At December 31, 2014, no amounts remained outstanding and due to the Fund. Interest expense on the loans amounted to \$536.

8) LINE OF CREDIT

The Organization has a revolving line of credit with a bank at a variable interest rate of 3.25 percentage points over the Wall Street Journal Prime Index Rate per annum. Under no circumstances will the interest rate on the line of credit be less than 4.25% per annum. The current interest rate on the line of credit is 6.50% per annum. The line of credit is collateralized by all of the current and future assets of the Organization and is payable on demand. The line of credit is reviewed annually and its renewal is at the sole discretion of the bank. The bank has a term note conversion option on the line of credit at any time prior to demanding payment on the line of credit. The outstanding balance on the line of credit as of December 31, 2014 was \$99,929. Interest expense paid on the line of credit for the year ended December 31, 2014 was \$6,240. The line of credit is available for the general business operations of the Organization.

9) AGENCY TRANSACTIONS

The Organization transferred \$19,280 to fiscally sponsored entities during the year ended December 31, 2014. \$11,200 remained payable at year-end.

Cash distributed and amounts due to ultimate beneficiaries in relation to agency transactions during the year were as follows:

<u>Recipient</u>	<u>Project</u>	<u>Paid</u> <u>During Year</u>	<u>Amount</u> <u>Due</u>
Petr Kotik	Multimedia Opera	\$ 10,000	\$ -
Elliot Sharp	Port Bou	7,200	-
James Ilgenfritz	WSB100	2,080	-
Yasunao Tone	Neural Network	<u>-</u>	<u>11,200</u>
Total		<u>\$ 19,280</u>	<u>\$ 11,200</u>

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014

10) OCCUPANCY – CONTRIBUTED RENT

The Organization rents a 4,800 square-foot performance space under a 20 year lease agreement expiring November 30, 2028. The space is historically and architecturally significant. Annual rent is charged at a rate of \$1 per month. The Organization is also responsible for paying its share of real estate taxes and common charges throughout the lease term at a rate of \$1,000 per month. Management has determined the fair market value of the rent on this space is approximately \$39,922 and has been recorded as contributed rent revenue and expense in the accompany statement of activities.

11) NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from restrictions during the year ended December 31, 2014 are for the following:

Satisfaction of time restrictions:	
General support for 2014	\$ 12,500
Satisfaction of program restrictions:	
Various programs	28,122
2014 Artists-In-Residence program	17,500
Littoral program	<u>2,000</u>
	47,622
Total	<u>\$ 60,122</u>

12) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2014 represents grant funds received for specific purposes but unexpended as of the financial statement date or grant funds received but promised for future time periods, and are available for the following:

NYC DCA equipment (undepreciated balance)	<u>\$ 356,423</u>
Total	<u>\$ 356,423</u>

13) COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

14) IN-KIND CONTRIBUTIONS

During the year ended December 31, 2014, the Organization received in-kind donations in the form of donated beverages for its annual gala which have been reflected in the accompanying financial statements at an estimated fair value of \$2,324.

ISSUE PROJECT ROOM, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2014

15) CAPITAL CONTRIBUTIONS – CITY OF NEW YORK

The Organization was identified as the recipient of services valued at approximately \$3.8 million from The City of New York to renovate its current performance space. These funds are maintained by The City of New York and will be paid directly to the architects and contractors renovating the space. These funds are not controlled and/or maintained by the Organization. The capital expenditures made on behalf of the Organization are recognized as leasehold improvements and support when expended by The City of New York. Undepreciated City capital contributions are reflected in Temporarily Restricted Net Assets.

In fiscal 2014, The City of New York's investment of capital funding totaling \$225,177 (\$356,423 total-to-date) obligated the Organization to maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of The City of New York for cultural, educational or artistic uses and/or related purposes approved by the City of New York.

16) CONCENTRATIONS OF RISK

The Organization maintains its cash balances at a major financial institution. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2014, there were no uninsured balances.

During the year ended December 31, 2014, the Organization received approximately 43% of its total grants and contributions from the New York City Department of Cultural Affairs.

17) LOAN PAYABLE – RELATED PARTY

During the year ended December 31, 2014, the Organization had a related party loan from a board member which was repaid in full.