ISSUE PROJECT ROOM, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2016

WITH SUMMARIZED COMPARATIVE INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

RB | RICH & BANDER

CERTIFIED PUBLIC ACCOUNTANTS

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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 of
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, 2016, 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.

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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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

As described in Note 16, during the year ended December 31, 2016, management discovered that grants receivable and government grant revenue for the 2015 year was overstated by $253,634. As a result, the Organization has restated the accompanying financial statements as of and for the year ended December 31, 2015 to reflect the correct grants receivable and grant revenue for that year. Our opinion is not modified with respect to that matter.

Rich and Bander, LLP

New York, NY
April 12, 2017

ISSUE PROJECT ROOM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(With summarized comparative information for the year ended December 31, 2015)

	2016	(Restated) 2015
Assets		
Cash and cash equivalents	$ 1,149	$ 8,677
Contributions receivable	3,839	-
Grants receivable (see Note 16)	21,000	44,000
Other receivables	-	3,785
Prepaid expenses	6,130	5,342
Security deposit	2,250	2,250
Property and equipment, net of accumulated depreciation	882,359	772,322
Total Assets	**$ 916,727**	**$ 836,376**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 32,276	$ 34,725
Line of credit	12,500	89,929
Deferred revenue	5,500	-
Grant advances	23,050	-
Due to fiscally sponsored projects	-	36,200
Total liabilities	**73,326**	**160,854**
Net assets		
Unrestricted	13,640	(51,603)
Temporarily restricted	829,761	727,125
Total net assets	**843,401**	**675,522**
Total Liabilities and Net Assets	**$ 916,727**	**$ 836,376**

The accompanying notes are an integral part of these financial statements.

ISSUE PROJECT ROOM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With summarized comparative information for the year ended December 31, 2015)

	Unrestricted	Temporarily Restricted	2016 Total	(Restated) 2015 Total
Revenue and support				
Grants and contributions				
Government (see Note 16)	$ 123,650	$ 111,636	$ 235,286	$ 447,703
Individuals	133,519	-	133,519	167,575
Foundations and other	85,895	10,000	95,895	118,881
Corporate	60,390	-	60,390	36,075
Contributed rent	39,922	-	39,922	39,922
In-kind contributions	33,524	-	33,524	5,311
	476,900	121,636	598,536	815,467
Special events				
Direct benefits to donors	12,750	-	12,750	25,845
Less: costs of direct benefits to donors	(28,825)	-	(28,825)	(20,380)
Contributions:				
Excess ticket sales revenue and other contributions	100,000	-	100,000	34,327
	83,925	-	83,925	39,792
Total grants and contributions	**560,825**	**121,636**	**682,461**	**855,259**
Program service revenue				
Box office and concessions	51,626	-	51,626	143,699
Total program service revenue	**51,626**	**-**	**51,626**	**143,699**
Other income				
Rental income	57,837	-	57,837	3,230
Miscellaneous income	8,774	-	8,774	15
Interest income	-	-	-	1
Total other income	**66,611**	**-**	**66,611**	**3,246**
Net assets released from restrictions	19,000	(19,000)	-	-
	698,062	**102,636**	**800,698**	**1,002,204**
Expenses				
Program services	328,078	-	328,078	471,965
Supporting services				
Management and general	182,905	-	182,905	107,884
Fundraising	121,836	-	121,836	83,812
	632,819	**-**	**632,819**	**663,661**
Change in net assets	65,243	102,636	167,879	338,543
Net assets - beginning of year, as originally reported	(51,603)	980,759	929,156	336,979
Prior period adjustment	-	(253,634)	(253,634)	-
Net assets beginning of year, as restated	(51,603)	727,125	675,522	-
Net assets - end of year	**$ 13,640**	**$ 829,761**	**$ 843,401**	**$ 675,522**

ISSUE PROJECT ROOM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With summarized comparative information for the year ended December 31, 2015)

	Program Services	Management & General	Fundraising	2016 Total	(Restated) 2015 Total
Salaries and related payroll expenses	$ 132,194	$ 90,434	$ 92,309	$ 314,937	$ 312,711
Artist fees	56,763	-	-	56,763	109,476
Contributed rent	16,757	11,464	11,701	39,922	39,922
Contract services	17,200	14,732	-	31,932	15,863
Professional fees	-	26,483	-	26,483	6,000
Rent and occupancy costs	11,056	6,530	6,665	24,251	29,221
Curatorial fees	21,321	-	-	21,321	2,401
Equipment rental	13,160	-	-	13,160	10,408
Event and other fundraising expenses	5,865	-	7,240	13,105	16,058
Insurance	11,539	-	-	11,539	8,106
Travel	10,388	-	-	10,388	28,859
Interest expense	-	7,427	-	7,427	6,480
Depreciation	-	7,210	-	7,210	8,988
Supplies	2,508	1,715	1,751	5,974	6,522
Telephone and internet	2,461	1,683	1,718	5,862	3,233
Bank and merchant processing fees	5,562	-	-	5,562	12,863
Permit and fees	5,562	-	-	5,562	1,575
Marketing and merchandise expenses	3,915	110	113	4,138	18,237
Concessions	3,884	-	-	3,884	8,383
Front of house expenses	3,800	-	-	3,800	5,530
Bad debt expense	-	3,650	-	3,650	-
Printing and production	2,268	-	-	2,268	2,240
Office expenses	-	2,118	-	2,118	1,972
Meals and meetings	-	1,437	-	1,437	602
Cleaning and maintenance	-	1,411	-	1,411	2,919
Royalties	1,390	-	-	1,390	1,725
Utilities	485	332	339	1,156	1,024
Postage and delivery	-	555	-	555	1,934
Miscellaneous	-	5,614	-	5,614	409
	$ 328,078	**$ 182,905**	**$ 121,836**	**$ 632,819**	**$ 663,661**

ISSUE PROJECT ROOM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With summarized comparative information for the year ended December 31, 2015)

	2016	(Restated) 2015
Cash flows from operating activities:		
Change in net assets	$ 167,879	$ 338,543
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,210	8,988
Bad debt expense	3,650	-
Donated equipment capitalized	(1,250)	-
NYC DCA capital expenditures made on behalf of Organization	(111,636)	(351,703)
Repayment of FCNY loan by NYC DCA on behalf of Organization	-	(44,800)
(Increase) decrease in operating assets:		
Contributions receivable	(7,489)	5,706
Grants receivable (see Note 16)	23,000	(27,840)
Accounts receivable	3,785	(3,785)
Prepaid expenses	(788)	1,413
Security deposit	-	(2,250)
Artwork held for sale	-	1,350
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,449)	15,293
Deferred revenue	5,500	-
Grant advances	23,050	-
Due to fiscally sponsored projects	(36,200)	25,000
Total adjustments	(93,617)	(372,628)
Net cash provided by (used in) operating activities	74,262	(34,085)
Cash flows from investing activities:		
Purchase of property and equipment	(4,362)	(8,790)
Net cash used in investing activities	(4,362)	(8,790)
Cash flows from financing activities:		
Proceeds from loans payable - Fund for the City of New York	55,200	64,800
Repayments of loans payable - Fund for the City of New York	(55,200)	(20,000)
Line of credit advances	148,697	-
Line of credit repayments	(226,125)	(10,000)
Net cash provided by (used in) financing activities	(77,428)	34,800
Net decrease in cash and cash equivalents	(7,528)	(8,075)
Cash and cash equivalents, beginning of year	8,677	16,753
Cash and cash equivalents, end of year	**$ 1,149**	**$ 8,678**
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 7,427	$ 6,480
Income taxes	$ -	$ -
Noncash investing and financing activities:		
NYC DCA capital expenditures made on behalf of Organization	$ 111,636	$ 351,703
Donated equipment capitalized	$ 1,250	$ -
Repayment of FCNY loans by NYC DCA on behalf of Organization	$ -	$ 44,800

The accompanying notes are an integral part of these financial statements.

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.

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. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded 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 using an appropriate risk-adjusted rate of return at the date of the promise to give. Amortization of the discount is included in contribution revenue. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises 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:

	Years
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.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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

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, 2016, advertising expense amounted to $362.

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.

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

Revenue Recognition (cont'd)

Program service revenues are recognized when earned.

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.

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, 2015, 2014 and 2013 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, 2016, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Date of Management's Review

Management has evaluated subsequent events through April 12, 2017, which is the date the financial statements were available to be issued.

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

Comparative Data

The amounts shown for the year ended December 31, 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016 and present summarized totals only. Accordingly, the 2015 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, 2015, from which the summarized information was derived.

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.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The Organization is currently evaluating the effect the update will have on its financial statements.

In August 2016, the FASB issued an accounting standard update which affects the presentation of financial statements of not-for-profit entities. Among other changes, the update reduces the number of net asset classifications from three to two categories: (1) assets with donor restrictions and (2) those without donor restrictions, expands disclosure requirements for net assets with donor restrictions or board designations, and includes several new reporting requirements related to expenses. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 31, 2017 and in interim periods in annual periods beginning after December 31, 2018. Early application is permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

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, 2016 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) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2016. Depreciation expense for the year then ended was $7,210.

Leasehold improvements	$ 896,306
Equipment	36,675
Furniture and fixtures	6,511
	939,492
Less: accumulated depreciation	57,133
	$ 882,359

4) CONTRIBUTIONS RECEIVABLE

Contributions receivable 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) GRANTS RECEIVABLE

Grants receivable at December 31, 2016 consists of the following:

New York State Council on the Arts	$ 11,000
Arnow Family Fund	10,000
	$ 21,000

The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

6) 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 5.75% 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, 2016 was $12,500. Interest expense paid on the line of credit for the year ended December 31, 2016 was $4,230. The line of credit is available for the general business operations of the Organization.

7) LOANS PAYABLE

During the year ended December 31, 2016, the Organization received $55,200 in short-term loans from the Fund for the City of New York (the "Fund") which were repaid to the Fund by year-end. Interest expense on the loans totaled $528.

8) 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 it has been recorded as contributed rent revenue and expense in the accompany statement of activities.

9) NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from restrictions during the year ended December 31, 2016 are for the following:

Program Support – DCA	$ 14,000
Owl Movie – New York State Council on the Arts	5,000
Total	$ 19,000

10) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2016 are available for the following:

NYC DCA equipment (undepreciated balance)	$ 819,761
General support for year 2017	10,000
Total	$ 829,761

11) EMPLOYEE BENEFIT PLAN

Employees of the Organization may participate in an Internal Revenue Code section 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

12) IN-KIND CONTRIBUTIONS

During the year ended December 31, 2016, the Organization received the following in-kind donations in support of its programs. The fair market value has been recorded in the accompanying financial statements. In-kind contributions were as follows:

Legal	$ 19,887
Equipment rental	5,650
Hotel	2,394
Building permit fees	2,250
Beverages for programming and benefit	2,093
Equipment capitalized	1,250
Total	$ 33,524

13) 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.

To date, The City of New York's investment of capital funding totaling $819,761 obligates the Organization to maintain and operate the facility 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.

14) CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of December 31, 2016, there were no uninsured balances. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

15) CONTINGENCIES

The Organization is currently disputing amounts totaling approximately $361,926 that were assessed by the landlord on its rental space at 22 Boerum Place, Brooklyn. The amounts assessed are for common charges and real estate taxes on the space dating back to late 2011. The Board does not believe the additional assessments to be valid charges. The Organization has historically paid $1,001 per month in maintenance charges. Accordingly, no provision has been made for any liability that might arise from unsuccessful negotiations.

16) PRIOR PERIOD ADJUSTMENT

The Organization has restated the results of its previously issued financial statements to correct the improper recognition of a multi-year services contract from the New York State Council on the Arts as unconditional promises to give. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning temporarily restricted net assets and grants receivable by $253,634.

The effect of correction of the error on the 2015 change in net assets is as follows:

Change in net assets:	2015 Unrestricted	2015 Temporarily Restricted	2015 Total
As previously reported	$ (32,159)	$ 624,336	$ 592,177
As restated	(32,159)	370,702	338,543
Amount of correction	$ -	$ (253,634)	$ (253,634)

The effect of correction of the error on 2015 net assets and grants receivable is as follows:

	2015 Unrestricted	2015 Temporarily Restricted	2015 Total
Net assets:			
As previously reported	$ (51,603)	$ 980,759	$ 929,156
As restated	(51,603)	727,125	675,522
Amount of correction	$ -	$ (253,634)	$ (253,634)
Grants receivable:			
As previously reported	$ -	$ 297,634	$ 297,634
As restated	-	44,000	44,000
Amount of correction	$ -	$ (253,634)	$ (253,634)