

**Center for Alternative Sentencing  
and Employment Services, Inc.  
(CASES)**

**Report on Financial Statements**

**Years Ended June 30, 2012 and 2011**

**CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.  
(CASES)**

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**Report of Independent Public Accountants**

To the Board of Trustees  
Center for Alternative Sentencing and  
Employment Services, Inc.

We have audited the accompanying statements of financial position of Center for Alternative Sentencing and Employment Services, Inc. ("CASES") as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of CASES' management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASES as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



New York, New York  
December 6, 2012

**CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND 2011**

<b><u>ASSETS</u></b>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 108,786	\$ 194,835
Grants and contracts receivable, net of allowance of \$10,387	1,711,435	2,090,577
Pledges receivable, current portion	546,233	125,573
Due from Medicaid, net of allowance of \$6,484 and \$25,811	153,756	104,919
Other receivables	20,442	1,195
Prepaid expenses	109,604	181,942
Total current assets	<u>2,650,256</u>	<u>2,699,041</u>
Furniture, equipment and leasehold improvements, net	482,918	568,157
Pledges receivable, net of current portion	247,660	246,568
Security deposits	26,714	35,510
Totals	<u>\$ 3,407,548</u>	<u>\$ 3,549,276</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Accounts payable	\$ 240,183	\$ 180,142
Accrued expenses and other liabilities	270,269	408,116
Grants and contract advances	1,545	682
Loans payable	282,799	752,019
Total current liabilities	<u>794,796</u>	<u>1,340,959</u>
Commitments and contingencies		
Net assets:		
Unrestricted:		
Undesignated	578,877	935,941
Board-designated program funds	1,000,000	641,224
Temporarily restricted	1,033,875	631,152
Total net assets	<u>2,612,752</u>	<u>2,208,317</u>
Totals	<u>\$ 3,407,548</u>	<u>\$ 3,549,276</u>

See Notes to Financial Statements.

**CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and support:</b>			
Government grants and contracts	\$ 7,178,467		\$ 7,178,467
Medicaid income	856,759		856,759
Private contributions	140,078	\$ 1,282,028	1,422,106
Donated facilities	844,229		844,229
Miscellaneous income	50,762		50,762
Net assets released from restrictions	879,305	(879,305)	
Total revenue and support	9,949,600	402,723	10,352,323
<b>Expenses:</b>			
Program services	8,332,517		8,332,517
Fundraising	84,149		84,149
General and administrative	1,531,222		1,531,222
Total expenses	9,947,888	-	9,947,888
Change in net assets	1,712	402,723	404,435
Net assets, beginning of year	1,577,165	631,152	2,208,317
Net assets, end of year	\$ 1,578,877	\$ 1,033,875	\$ 2,612,752

See Notes to Financial Statements.

**CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Government grants and contracts	\$ 6,170,057		\$ 6,170,057
Medicaid income	784,305		784,305
Private contributions	161,877	\$ 1,156,617	1,318,494
Donated facilities	922,146		922,146
Miscellaneous income	65,145		65,145
Net assets released from restrictions	922,018	(922,018)	
	<u>9,025,548</u>	<u>234,599</u>	<u>9,260,147</u>
Total revenue and support			
Expenses:			
Program services	7,868,913		7,868,913
Fundraising	72,928		72,928
General and administrative	1,454,369		1,454,369
	<u>9,396,210</u>	<u>-</u>	<u>9,396,210</u>
Total expenses			
Change in net assets	(370,662)	234,599	(136,063)
Net assets, beginning of year	<u>1,947,827</u>	<u>396,553</u>	<u>2,344,380</u>
Net assets, end of year	<u>\$ 1,577,165</u>	<u>\$ 631,152</u>	<u>\$ 2,208,317</u>

See Notes to Financial Statements.

**CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2012**

	Program Services			Fundraising	General and Administrative	Total
	Youth Programs	Adult Behavioral Health Programs	Total			
Salaries and related expenses:						
Personnel services	\$2,564,185	\$1,944,885	\$4,509,070	\$ 53,644	\$ 822,370	\$ 5,385,084
Payroll taxes	193,013	146,033	339,046	4,201	56,654	399,901
Employee benefits	534,511	410,873	945,384	9,982	178,673	1,134,039
Totals	<u>3,291,709</u>	<u>2,501,791</u>	<u>5,793,500</u>	<u>67,827</u>	<u>1,057,697</u>	<u>6,919,024</u>
Other than personnel services:						
Consultants	400,174	48,733	448,907	187	36,294	485,388
Professional fees			-		54,650	54,650
Occupancy and renovation expenses	73,468	170,622	244,090	532	9,656	254,278
Equipment purchases and rental	54,694	57,637	112,331	1,497	26,097	139,925
Office expenses	10,698	3,021	13,719	1,478	50,863	66,060
Office supplies	49,716	59,037	108,753	2,948	15,529	127,230
Telephone	46,432	40,810	87,242	445	7,718	95,405
Staff training and conferences	8,150	16,851	25,001	410	8,203	33,614
Recruiting			-		7,285	7,285
Participant subsistence and stipends	158,168	73,839	232,007			232,007
Participant supplies	21,326	11,401	32,727			32,727
Participant travel	176,209	14,265	190,474			190,474
Participant other	68,998	12,958	81,956			81,956
Vehicle, fuel and maintenance	15,291	23,106	38,397	91	1,220	39,708
Interest and bank charges		1,049	1,049		25,355	26,404
Insurance	3,501	3,166	6,667		79,259	85,926
Total other than personnel services	<u>1,086,825</u>	<u>536,495</u>	<u>1,623,320</u>	<u>7,588</u>	<u>322,129</u>	<u>1,953,037</u>
Total before depreciation and amortization and donated facilities	4,378,534	3,038,286	7,416,820	75,415	1,379,826	8,872,061
Depreciation and amortization	137,948	72,818	210,766	1,136	19,696	231,598
Donated facilities	416,205	288,726	704,931	7,598	131,700	844,229
Totals	<u>\$ 4,932,687</u>	<u>\$ 3,399,830</u>	<u>\$ 8,332,517</u>	<u>\$ 84,149</u>	<u>\$ 1,531,222</u>	<u>\$ 9,947,888</u>

See Notes to Financial Statements.

**CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2011**

	Program Services			Fundraising	General and Administrative	Total
	Youth Programs	Adult Behavioral Health Programs	Total			
<b>Salaries and related expenses:</b>						
Personnel services	\$ 2,445,362	\$ 2,059,512	\$ 4,504,874	\$ 41,305	\$ 761,194	\$ 5,307,373
Payroll taxes	184,826	149,069	333,895	3,320	51,933	389,148
Employee benefits	520,140	421,375	941,515	7,381	168,909	1,117,805
<b>Totals</b>	<b>3,150,328</b>	<b>2,629,956</b>	<b>5,780,284</b>	<b>52,006</b>	<b>982,036</b>	<b>6,814,326</b>
<b>Other than personnel services:</b>						
Consultants	118,935	34,305	153,240	5,645	22,084	180,969
Professional fees					67,200	67,200
Occupancy and renovation expenses	97,579	189,018	286,597	358	8,456	295,411
Equipment purchases and rental	44,623	33,825	78,448	739	17,661	96,848
Office expenses	11,123	4,274	15,397	1,181	77,098	93,676
Office supplies	30,830	58,623	89,453	3,785	14,976	108,214
Telephone	51,016	46,520	97,536	505	13,886	111,927
Staff training and conferences	7,629	5,497	13,126	235	6,335	19,696
Recruiting					1,093	1,093
Participant subsistence and stipends	108,940	69,509	178,449			178,449
Participant supplies	5,006	1,397	6,403			6,403
Participant travel	117,840	16,324	134,164			134,164
Participant other	60,450	2,493	62,943			62,943
Vehicle, fuel and maintenance	16,757	26,509	43,266	73	1,218	44,557
Interest and bank charges		5,732	5,732		18,130	23,862
Insurance	6,784	6,154	12,938		60,381	73,319
<b>Total other than personnel services</b>	<b>677,512</b>	<b>500,180</b>	<b>1,177,692</b>	<b>12,521</b>	<b>308,518</b>	<b>1,498,731</b>
<b>Total before depreciation and amortization and donated facilities</b>	<b>3,827,840</b>	<b>3,130,136</b>	<b>6,957,976</b>	<b>64,527</b>	<b>1,290,554</b>	<b>8,313,057</b>
Depreciation and amortization	62,021	78,002	140,023	1,024	19,960	161,007
Donated facilities	422,343	348,571	770,914	7,377	143,855	922,146
<b>Totals</b>	<b>\$ 4,312,204</b>	<b>\$ 3,556,709</b>	<b>\$ 7,868,913</b>	<b>\$ 72,928</b>	<b>\$ 1,454,369</b>	<b>\$ 9,396,210</b>

See Notes to Financial Statements.



**CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
Operating activities:		
Change in net assets	\$ 404,435	\$ (136,063)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	231,598	161,007
Changes in operating assets and liabilities:		
Grants and contracts receivable	379,142	(171,503)
Pledges receivable	(421,752)	(96,454)
Due from Medicaid	(48,837)	40,417
Other receivables	(19,247)	15,138
Prepaid expenses	72,338	(82,662)
Security deposits	8,796	(11,211)
Accounts payable	60,041	(714)
Accrued expenses and other liabilities	(137,847)	(63,084)
Grants and contract advances	863	(46,561)
Net cash provided by (used in) operating activities	529,530	(391,690)
Investing activities:		
Acquisition of equipment	(146,359)	(239,365)
Net cash used in investing activities	(146,359)	(239,365)
Financing activities:		
Repayment of loans	(3,269,120)	(1,956,702)
Proceeds from borrowings on loans	2,799,900	2,444,579
Net cash (used in) provided by financing activities	(469,220)	487,877
Net decrease in cash and cash equivalents	(86,049)	(143,178)
Cash and cash equivalents, beginning of year	194,835	338,013
Cash and cash equivalents, end of year	\$ 108,786	\$ 194,835
Supplemental disclosure of cash flow data:		
Interest paid	\$ 13,144	\$ 13,207

See Notes to Financial Statements.

**CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Organization:**

Center for Alternative Sentencing and Employment Services, Inc. ("CASES") is a not-for-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is therefore exempt from Federal income taxation under Section 501(a) of the Code.

CASES' mission is to increase the understanding and use of community sanctions that are fair, affordable and consistent with public safety. CASES operates one of New York City's oldest alternative to incarceration programs, the Court Employment Project, a program for youth involved in the criminal justice system. In addition, CASES provides services to juveniles pending Family Court adjudication and a GED-Learning to work program. CASES also operates programs for offenders with mental illness, including a NYS licensed Assertive Community Treatment ("ACT") team, as well as programs for adult misdemeanants and parole violators. With its long history and extensive experience running alternative-to-incarceration programs, CASES provides operational support, including training and technical assistance, to other groups working with clients involved in the criminal justice system. CASES receives most of its support from New York City, New York State and Federal government sources. Grants receivable are due principally from these sources.

At the end of fiscal year 2011, CASES restructured program services consolidating its criminal court and mental health programming operations under one unit, Adult Behavioral Health Programs. The fiscal year 2011 statement of functional expenses has been reclassified to reflect this consolidation.

**Note 2 - Summary of significant accounting policies:**

**Basis of presentation:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CASES and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations. Board designated program funds are unrestricted net assets in which the Board of Trustees has designated certain funds for limited purposes. These funds are not available for current operations without the prior approval of the Board of Trustees.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of CASES and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 - Summary of significant accounting policies (continued):**

**Basis of presentation (concluded):**

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by CASES. Generally, the donors of these assets permit CASES to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted net assets at June 30, 2012 and 2011.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentrations of credit risks:**

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. CASES places its temporary cash investments with high-credit quality financial institutions. At times such amounts may exceed Federally insured limits. Concentrations of credit risk with regard to grants and contracts and pledges receivable are limited due to the nature of the grants and pledges, which are received from government agencies and contributors, respectively. CASES performs ongoing credit evaluations and establishes an allowance for doubtful accounts based upon factors surrounding the credit risks, historical trends and other information.

**Pledges receivable:**

Contributions are recognized when the donor makes a pledge to CASES that is, in substance, unconditional. Pledges receivable due in one year are recorded at their net realizable value. Pledges receivable due in more than one year are recorded at the present value of their net realizable value, using a risk-adjusted discount rate to discount the amounts applicable to the years in which the contributions are to be received.

**Furniture, equipment and leasehold improvements:**

Furniture, equipment and leasehold improvements are recorded as assets if they have a useful life of more than one year and a cost greater than or equal to \$5,000. Furniture and equipment are carried at cost less accumulated depreciation. Depreciation is provided under the straight-line method based on the estimated useful lives of the assets.

Leasehold improvements are carried at cost less accumulated amortization. Leasehold improvements are amortized over the shorter of their useful life or lease term.

**CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 - Summary of significant accounting policies (continued):**

**Internal use computer software:**

CASES capitalizes certain costs associated with the development of internal use computer software. Costs that are capitalized consist of external direct costs of materials and services consumed in developing or obtaining the internal use software of the project. Amortization commences when development is complete and the assets are placed in service.

**Recognition of revenue:**

**Program service contracts:**

**Cost recovery grants:**

The terms under which these grants are awarded provide for reimbursements of budgeted expenditures within the grant period. These funds are received in either predetermined installments or increments based upon expenses incurred. Accordingly, grant income is recognized in amounts equal to expenditures incurred.

Any excess or deficiency of cash receipts over expenditures incurred is reported as "Grants and contract advances" or "Grants and contracts receivable". Upon termination of operations under each grant, the unexpended funds received under the terms of the grant revert to the grantor.

**Performance-based grants:**

The terms under which these grants are awarded provide for payment based on unit costs for agreed upon milestones achieved within the award period up to the maximum amount allowable under a given milestone, if any, and/or the total grant amount. Accordingly, income is recognized in amounts equal to the amount earned based on performance. Any excess of cash receipts over expenditures incurred remains with the grantee.

**Medicaid income:**

Medicaid income is reported at the estimated net realizable amounts based on the number of visits in accordance with program provisions.

**Donated services:**

No amounts are reflected in the financial statements for donated services. CASES pays for most of its services which require specific expertise. However, individual Board members volunteer their time and perform a variety of tasks that include contribution solicitations and serving on various Board committees.

Donated space is reflected as contributions and reported as expenses in the accompanying statements at estimated fair values (see Note 8).

**CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.  
(CASES)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 - Summary of significant accounting policies (concluded):**

**Recognition of revenue (concluded):**

**Contributions:**

Contributions are recognized as revenue in the period received and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

**Income taxes:**

CASES has no unrecognized tax benefits as of June 30, 2012 and 2011. CASES' Federal and state income tax returns prior to fiscal year 2009 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, CASES will recognize interest and penalties associated with tax matters as general and administrative expenses and include accrued interest and penalties with the related tax liability in the statements of financial position. There were no interest or penalties for the year ended June 30, 2012.

**Functional expenses:**

Because CASES is a multi-program/multi-funded organization, certain costs have been allocated between functional and supporting programs, as determined by management, pursuant to the method CASES follows in seeking funds from third party government sources.

**Reclassifications:**

Certain amounts in the accompanying 2011 financial statements have been reclassified to conform with the 2012 presentation.

**Subsequent events:**

CASES has evaluated subsequent events through December 6, 2012, which is the date the financial statements were available to be issued.

**CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Pledges receivable:**

Pledges receivable consist of the following:

	<u>2012</u>	<u>2011</u>
Receivables in less than one year	\$546,233	\$125,573
Receivables in one to five years	250,137	250,273
Total pledges receivable	<u>796,370</u>	<u>375,846</u>
Less discount to net present value	<u>2,477</u>	<u>3,705</u>
Net pledges receivable	<u>\$793,893</u>	<u>\$372,141</u>
Current pledges receivable, net	\$546,233	\$125,573
Noncurrent pledges receivable, net	247,660	246,568
	<u>\$793,893</u>	<u>\$372,141</u>

Pledges receivable due in one to five years are discounted at 1.00% for both 2012 and 2011. CASES believes that all pledges receivable are fully collectible, thus no allowance for uncollectible pledges has been provided at June 30, 2012 and 2011.

**Note 4 - Furniture, equipment and leasehold improvements:**

Furniture, equipment and leasehold improvements consist of the following:

	Estimated Useful Life	<u>2012</u>	<u>2011</u>
Furniture and equipment	3-7 years	\$ 375,176	\$ 295,337
Vehicles	5 years	66,719	66,719
Leasehold improvements	5 years	641,516	641,516
Software database	3 years	327,405	21,520
		<u>1,410,816</u>	<u>1,025,092</u>
Less accumulated depreciation and amortization		<u>927,898</u>	<u>696,300</u>
		482,918	328,792
Software database costs under development			<u>239,365</u>
Totals		<u>\$ 482,918</u>	<u>\$ 568,157</u>

**CENTER FOR ALTERNATIVE SENTENCING  
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(CASES)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5 - Loans payable:**

Loans payable consist of the following:

	2012	2011
Bank line of credit (A)	\$282,799	\$703,458
Nonprofit Finance Fund renovation loan (B)		48,561
Totals	282,799	752,019
Less current portion	282,799	752,019
Long-term portion	\$ -	\$ -

(A) Consists of borrowings under a \$2,200,000 line of credit, which is secured by grants and contracts receivable, bears interest at the prime rate plus .75% (3.25% at June 30, 2012) and expires on February 1, 2013.

(B) Pursuant to a loan agreement with Nonprofit Finance Fund, CASES was provided with a loan under which it could borrow up to \$427,000 for renovating the 3rd floor of its donated space at 346 Broadway. The loan was secured with certain assets and bore interest at 7%. The loan was repayable in equal monthly installments beginning no later than August 1, 2008, over a 48-month period. As of June 30, 2012, the balance of the loan was paid in full.

Interest expense for the years ended June 30, 2012 and 2011 was \$13,144 and \$13,207, respectively.

**Note 6 - Temporarily restricted net assets:**

At June 30, 2012 and 2011, temporarily restricted net assets are available for use in future periods for the following purposes as restricted by the donors:

	2012	2011
Program restrictions:		
Youth programs	\$ 588,256	\$ 631,152
Adult Behavioral Health programs	445,619	
Total temporarily restricted net assets	\$1,033,875	\$ 631,152

Net assets released from donor restrictions for the years ended June 30, 2012 and 2011 were released by incurring expenses satisfying the program restrictions and the expiration of any time restriction specified by the donors.

**CENTER FOR ALTERNATIVE SENTENCING  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 7 - Pension plans:**

CASES maintains a defined contribution group pension plan and a 403(b) plan. Company contributions to the plans are based on the employees' voluntary contributions to the 403(b) plan. Contributions to the plans amounted to \$186,021 and \$201,157 for the years ended June 30, 2012 and 2011, respectively.

**Note 8 - Donated space:**

CASES receives a contribution of office facilities from the City of New York. The estimated fair market value of donated space included as revenue and expense was \$844,229 and \$922,146 in 2012 and 2011, respectively.

**Note 9 - Contingencies:**

In most instances, grants are subject to audit by state, city and Federal auditors and costs charged grantors may be adjusted. In the opinion of management, a provision of \$10,387 in 2012 and 2011 was established for cost adjustments and included in grants and contracts receivable.

**Note 10 - Lease commitments:**

CASES has various operating lease agreements for office and program facilities including storage facilities expiring through August 14, 2014. Some of the leases are subject to real estate tax escalations. Related rent expense for the years ended June 30, 2012 and 2011 was \$215,883 and \$249,747, respectively.

In addition, CASES is obligated under various operating leases for office and program equipment expiring through February 12, 2017. Related rent expense for the years ended June 30, 2012 and 2011 was \$76,933 and \$65,447, respectively.

Minimum annual future rental payments under the leases in each of the five years subsequent to June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$189,372
2014	98,842
2015	19,185
2016	12,106
2017	<u>4,860</u>
Total	<u>\$324,365</u>