

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

**Report on Financial Statements**

**Years Ended June 30, 2011 and 2010**

**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, 2011 and 2010, 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, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

 J.H. Cohn LLP

New York, New York  
November 7, 2011

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

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 194,835	\$ 338,013
Grants and contracts receivable, net of allowance of \$10,387	2,090,577	1,919,074
Pledges receivable, current portion	125,573	275,687
Due from Medicaid, net of allowance of \$25,811	104,919	145,336
Other receivables	1,195	16,333
Prepaid expenses	181,942	99,280
Total current assets	2,699,041	2,793,723
Furniture, equipment and leasehold improvements, net	568,157	489,799
Pledges receivable, net of current portion	246,568	
Security deposits	35,510	24,299
Totals	\$ 3,549,276	\$ 3,307,821
 <u>LIABILITIES AND NET ASSETS</u>  		
Current liabilities:		
Accounts payable	\$ 180,142	\$ 180,856
Accrued expenses and other liabilities	408,116	471,200
Grants and contract advances	682	47,243
Loans payable	752,019	264,142
Total current liabilities	1,340,959	963,441
Commitments and contingencies		
Net assets:		
Unrestricted:		
Undesignated	935,941	1,092,827
Board-designated program funds	641,224	855,000
Temporarily restricted	631,152	396,553
Total net assets	2,208,317	2,344,380
Totals	\$ 3,549,276	\$ 3,307,821

See Notes to Financial Statements.

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

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

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenue and support:</b>			
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)	
	<b>9,025,548</b>	<b>234,599</b>	<b>9,260,147</b>
<b>Expenses:</b>			
Program services	7,868,913		7,868,913
Fundraising	72,928		72,928
General and administrative	1,454,369		1,454,369
	<b>9,396,210</b>	<b>-</b>	<b>9,396,210</b>
<b>Change in net assets</b>	<b>(370,662)</b>	<b>234,599</b>	<b>(136,063)</b>
<b>Net assets, beginning of year</b>	<b>1,947,827</b>	<b>396,553</b>	<b>2,344,380</b>
<b>Net assets, end of year</b>	<b>\$ 1,577,165</b>	<b>\$ 631,152</b>	<b>\$ 2,208,317</b>

See Notes to Financial Statements.

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

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Government grants and contracts	\$ 7,255,189		\$ 7,255,189
Medicaid income	828,615		828,615
Private contributions	141,728	\$ 665,829	807,557
Donated facilities	829,525		829,525
Miscellaneous income	38,816	1,413	40,229
Net assets released from restrictions	818,799	(818,799)	
	<u>9,912,672</u>	<u>(151,557)</u>	<u>9,761,115</u>
Total revenue and support			
Expenses:			
Program services	8,161,328		8,161,328
Fundraising	75,319		75,319
General and administrative	1,496,090		1,496,090
	<u>9,732,737</u>	<u>-</u>	<u>9,732,737</u>
Total expenses			
Change in net assets	179,935	(151,557)	28,378
Net assets, beginning of year	<u>1,767,892</u>	<u>548,110</u>	<u>2,316,002</u>
Net assets, end of year	<u>\$ 1,947,827</u>	<u>\$ 396,553</u>	<u>\$ 2,344,380</u>

See Notes to Financial Statements.

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

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

	<u>Program Services</u>			<u>Total</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
	<u>Youth Programs</u>	<u>Criminal Court Programs</u>	<u>Mental Health and Other Programs</u>				
Salaries and related expenses:							
Personnel services	\$ 2,445,362	\$ 788,057	\$ 1,271,455	\$ 4,504,874	\$ 41,305	\$ 761,194	\$ 5,307,373
Payroll taxes	184,826	59,041	90,028	333,895	3,320	51,933	389,148
Employee benefits	520,140	170,123	251,252	941,515	7,381	168,909	1,117,805
Totals	<u>3,150,328</u>	<u>1,017,221</u>	<u>1,612,735</u>	<u>5,780,284</u>	<u>52,006</u>	<u>982,036</u>	<u>6,814,326</u>
Other than personnel services:							
Consultants	118,935	9,565	24,740	153,240	5,645	22,084	180,969
Professional fees						67,200	67,200
Occupancy and renovation expenses	97,579	3,739	185,279	286,597	358	8,456	295,411
Equipment purchases and rental	44,623	7,575	26,250	78,448	739	17,661	96,848
Office expenses	11,123	1,196	3,078	15,397	1,181	77,098	93,676
Office supplies	30,830	10,968	47,655	89,453	3,785	14,976	108,214
Telephone	51,016	14,777	31,743	97,536	505	13,886	111,927
Staff training and conferences	7,629	1,319	4,178	13,126	235	6,335	19,696
Recruiting						1,093	1,093
Participant subsistence and stipends	108,940	4,325	65,184	178,449			178,449
Participant supplies	5,006	821	576	6,403			6,403
Participant travel	117,840	6,453	9,871	134,164			134,164
Participant other	60,450	855	1,638	62,943			62,943
Vehicle, fuel and maintenance	16,757	4,931	21,578	43,266	73	1,218	44,557
Interest and bank charges			5,732	5,732		18,130	23,862
Insurance	6,784	904	5,250	12,938		60,381	73,319
Total other than personnel services	<u>677,512</u>	<u>67,428</u>	<u>432,752</u>	<u>1,177,692</u>	<u>12,521</u>	<u>308,518</u>	<u>1,498,731</u>
Total before depreciation and amortization and donated facilities	<u>3,827,840</u>	<u>1,084,649</u>	<u>2,045,487</u>	<u>6,957,976</u>	<u>64,527</u>	<u>1,290,554</u>	<u>8,313,057</u>
Depreciation and amortization	62,021	23,934	54,068	140,023	1,024	19,960	161,007
Donated facilities	422,343	120,801	227,770	770,914	7,377	143,855	922,146
Totals	<u>\$ 4,312,204</u>	<u>\$ 1,229,384</u>	<u>\$ 2,327,325</u>	<u>\$ 7,868,913</u>	<u>\$ 72,928</u>	<u>\$ 1,454,369</u>	<u>\$ 9,396,210</u>

See Notes to Financial Statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2010**

	<u>Program Services</u>			<u>Total</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
	<u>Youth Programs</u>	<u>Criminal Court Programs</u>	<u>Mental Health and Other Programs</u>				
Salaries and related expenses:							
Personnel services	\$ 2,828,031	\$ 772,495	\$ 1,219,785	\$ 4,820,311	\$ 47,969	\$ 818,863	\$ 5,687,143
Payroll taxes	212,097	58,450	92,300	362,847	3,791	57,113	423,751
Employee benefits	532,760	144,495	218,417	895,672	8,738	166,306	1,070,716
Totals	<u>3,572,888</u>	<u>975,440</u>	<u>1,530,502</u>	<u>6,078,830</u>	<u>60,498</u>	<u>1,042,282</u>	<u>7,181,610</u>
Other than personnel services:							
Consultants	43,556	64	20,859	64,479		50,952	115,431
Professional fees		250		250		73,350	73,600
Occupancy and renovation expenses	98,455	4,256	120,728	223,439	531	11,984	235,954
Equipment purchases and rental	45,505	11,851	36,120	93,476	801	17,368	111,645
Office expenses	16,502	37,829	11,544	65,875	3,656	36,985	106,516
Office supplies	39,336	11,283	51,216	101,835	1,829	15,541	119,205
Telephone	51,403	12,785	32,771	96,959	564	14,258	111,781
Staff training and conferences	22,705	1,541	21,248	45,494	239	3,265	48,998
Recruiting						3,008	3,008
Participant subsistence and stipends	202,422	3,892	44,250	250,564			250,564
Participant supplies	9,280	4,577	2,309	16,166			16,166
Participant travel	141,262	10,641	10,238	162,141			162,141
Participant other	59,292	818	1,878	61,988			61,988
Vehicle, fuel and maintenance	14,531	4,053	16,329	34,913	71	1,225	36,209
Interest and bank charges			14,684	14,684		9,165	23,849
Insurance	748		5,337	6,085		78,565	84,650
Total other than personnel services	<u>744,997</u>	<u>103,840</u>	<u>389,511</u>	<u>1,238,348</u>	<u>7,691</u>	<u>315,666</u>	<u>1,561,705</u>
Total before depreciation and amortization and donated facilities	4,317,885	1,079,280	1,920,013	7,317,178	68,189	1,357,948	8,743,315
Depreciation and amortization	34,331	7,591	107,915	149,837	494	9,566	159,897
Donated facilities	409,785	102,032	182,496	694,313	6,636	128,576	829,525
Totals	<u>\$ 4,762,001</u>	<u>\$ 1,188,903</u>	<u>\$ 2,210,424</u>	<u>\$ 8,161,328</u>	<u>\$ 75,319</u>	<u>\$ 1,496,090</u>	<u>\$ 9,732,737</u>

See Notes to Financial Statements.



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

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating activities:		
Changes in net assets	\$ (136,063)	\$ 28,378
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	161,007	159,897
Changes in operating assets and liabilities:		
Grants and contracts receivable	(171,503)	(605,438)
Pledges receivable	(96,454)	(155,737)
Due from Medicaid	40,417	176,392
Other receivables	15,138	4,831
Prepaid expenses	(82,662)	2,490
Security deposits	(11,211)	(7,455)
Accounts payable	(714)	28,039
Accrued expenses and other liabilities	(63,084)	(7,853)
Grants and contract advances	(46,561)	(56,384)
Net cash used in operating activities	<u>(391,690)</u>	<u>(432,840)</u>
Investing activities:		
Acquisition of equipment	(239,365)	(32,469)
Net cash used in investing activities	<u>(239,365)</u>	<u>(32,469)</u>
Financing activities:		
Repayment of loans	(1,956,702)	(299,905)
Proceeds from borrowings on loans	2,444,579	237,000
Net cash provided by (used in) financing activities	<u>487,877</u>	<u>(62,905)</u>
Net decrease in cash and cash equivalents	(143,178)	(528,214)
Cash and cash equivalents, beginning of year	<u>338,013</u>	<u>866,227</u>
Cash and cash equivalents, end of year	<u>\$ 194,835</u>	<u>\$ 338,013</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$ 13,207</u>	<u>\$ 14,783</u>

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.

**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, 2011 and 2010.

**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 includes 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 at of June 30, 2011. CASES' U.S. Federal and state income tax returns prior to fiscal year 2007 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, 2011.

**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 2010 financial statements have been reclassified to conform with the 2011 presentation.

**Subsequent events:**

CASES has evaluated subsequent events through November 7, 2011, which is the date the financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Pledges receivable:**

Pledges receivable consist of the following:

	2011	2010
Receivables in less than one year	<b>\$125,573</b>	\$275,687
Receivables in one to five years	<b>250,273</b>	
Total pledges receivable	<b>375,846</b>	275,687
Less discount to net present value	<b>3,705</b>	
Net pledges receivable	<b>\$372,141</b>	\$275,687
Current pledges receivable, net	<b>\$125,573</b>	\$275,687
Noncurrent pledges receivable, net	<b>246,568</b>	
	<b>\$372,141</b>	\$275,687

Pledges receivable due in one to five years are discounted at 1.00% for 2011. CASES believes that all pledges receivable are fully collectible, thus no allowance for uncollectible pledges has been provided at June 30, 2011 and 2010.

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

Furniture, equipment and leasehold improvements consist of the following:

	Estimated Useful Life	2011	2010
Furniture and equipment	3-7 years	<b>\$ 295,337</b>	\$ 295,337
Vehicles	5 years	<b>66,719</b>	66,719
Leasehold improvements	5 years	<b>641,516</b>	641,516
Software database	3 years	<b>21,520</b>	21,520
		<b>1,025,092</b>	1,025,092
Less accumulated depreciation and amortization		<b>696,300</b>	535,293
		<b>328,792</b>	489,799
Software database costs under development		<b>239,365</b>	
Totals		<b>\$ 568,157</b>	\$ 489,799

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

**Note 5 - Loans payable:**

Loans payable consist of the following:

	2011	2010
Bank line of credit (A)	<b>\$703,458</b>	\$144,000
Nonprofit Finance Fund renovation loan (B)	<b>48,561</b>	120,142
Totals	<b>752,019</b>	264,142
Less current portion	<b>752,019</b>	264,142
Long-term portion	<b>\$ -</b>	\$ -

(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, 2011) and expires on February 1, 2012.

(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 is secured with certain assets and bears interest at 7%. The loan is repayable in equal monthly installments beginning no later than August 1, 2008, over a 48 month period. As of June 30, 2011, CASES had borrowed \$427,000 of the loan and repaid \$378,439. The maturity date of the loan is May 1, 2012.

Interest expense for the years ended June 30, 2011 and 2010 was \$13,207 and \$14,783, respectively.

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

At June 30, 2011 and 2010, temporarily restricted net assets are available for use in future periods for the following purposes as restricted by the donor:

	2011	2010
Program restrictions:		
Youth programs	<b>\$ 631,152</b>	\$ 285,589
Mental Health Programs		110,964
Total temporarily restricted net assets	<b>\$ 631,152</b>	\$ 396,553

Net assets released from donor restrictions for the years ended June 30, 2011 and 2010 were released by incurring expenses satisfying the program restrictions and the expiration of any time restriction specified by the donors.

**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 \$201,157 and \$196,425 for the years ended June 30, 2011 and 2010, respectively.

**CENTER FOR ALTERNATIVE SENTENCING  
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(CASES)**

**NOTES TO FINANCIAL STATEMENTS**

**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 \$922,146 and \$829,525 in 2011 and 2010, 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 2011 and 2010 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 expiring in September 30, 2014. Some of the leases are subject to real estate tax escalations. Related rent expense for the years ended June 30, 2011 and 2010 was \$249,747 and \$183,262, respectively.

In addition, CASES is obligated under various operating leases for office and program equipment expiring through August 31, 2014. Related rent expense for the years ended June 30, 2011 and 2010 was \$65,447 and \$54,360, respectively.

Minimum annual future rental payments under the leases in each of the four years subsequent to June 30, 2011 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$282,262
2013	245,796
2014	88,672
2015	<u>500</u>
Total	<u>\$617,230</u>