

INTERNATIONAL CENTER OF PHOTOGRAPHY

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2015

INTERNATIONAL CENTER OF PHOTOGRAPHY

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-23
Supplementary Information	
Independent Auditors' Report on Supplementary Information	25
Schedule of Functional Expenses	26



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
International Center of Photography

We have audited the accompanying financial statements of International Center of Photography (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 International Center of Photography as of June 30, 2015, 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 International Center of Photography's 2014 financial statements, and our report dated December 2, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lutz + Carr, LLP

New York, New York
November 19, 2015

INTERNATIONAL CENTER OF PHOTOGRAPHY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	<u>2015</u>	<u>2014 *</u>
Assets		
Cash and cash equivalents (Notes 1b, 3 and 5)	\$ 924,791	\$ 371,560
Unconditional promises to give (net of allowance for doubtful accounts) (Notes 1e and 4)	7,957,471	1,689,644
Accounts receivable (net of allowance for doubtful accounts) (Note 1f)	172,053	255,848
Inventory (Note 1g)	171,610	239,551
Prepaid expenses	490,418	439,081
Investments (Notes 1c,1d and 5)	19,561,438	29,472,515
Cash and cash equivalents held for long-term investment (Notes 1b, 3 and 5)	141,713	142,976
Property and equipment, at cost (net of accumulated depreciation) (Notes 1h and 7)	24,710,878	524,246
Deferred loan costs (net of accumulated amortization) (Note 8)	445,754	111,245
Security deposits (Note 13)	146,825	1,088,425
Archives and collection (Note 1i)	-	-
	<u> </u>	<u> </u>
Total Assets	<u>\$54,722,951</u>	<u>\$34,335,091</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 874,079	\$ 737,376
Loan interest payable (Note 14)	40,378	32,814
Deferred revenue (Note 1m)	907,217	1,098,168
Loan payable (Note 14)	14,908,661	6,030,000
Total Liabilities	<u>16,730,335</u>	<u>7,898,358</u>
Commitments and Contingency (Notes 9, 13 and 14)		
Net Assets (Note 2)		
Unrestricted		
Operating	458,920	452,322
Board designated funds	5,668,476	12,903,118
Property, plant and equipment	17,200,906	(1,411,061)
Total Unrestricted	<u>23,328,302</u>	<u>11,944,379</u>
Temporarily restricted	3,807,055	3,647,981
Permanently restricted	10,857,259	10,844,373
Total Net Assets	<u>37,992,616</u>	<u>26,436,733</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$54,722,951</u>	<u>\$34,335,091</u>

* Certain amounts have been reclassified for comparative purposes.

See notes to financial statements.

INTERNATIONAL CENTER OF PHOTOGRAPHY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Unrestricted			Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
	Operating	Board Designated Funds	Property, Plant and Equipment				
Support and Revenue							
Contributions (Note 4)	\$ 2,244,298	\$ -	\$14,577,265	\$ 476,783	\$ 12,886	\$17,311,232	\$ 3,420,647
Memberships	319,002	-	-	-	-	319,002	458,363
Special events	1,442,933	-	-	-	-	1,442,933	1,530,491
Less: Cost of direct benefits - special events (Note 10)	(366,478)	-	-	-	-	(366,478)	(415,719)
Donated facility (Note 13)	1,750,000	-	-	-	-	1,750,000	2,834,694
Tuition and educational fees	7,068,091	-	-	-	-	7,068,091	6,912,135
Museum store income	558,280	-	-	-	-	558,280	843,866
Admissions	570,647	-	-	-	-	570,647	799,800
Exhibition tours	230,820	-	-	-	-	230,820	322,300
Publications	19,197	-	-	-	-	19,197	14,102
Investment return (Note 5)	1,971	391,339	159,433	546,044	-	1,098,787	4,170,913
Other revenue	200,508	-	-	-	-	200,508	313,983
	<u>14,039,269</u>	<u>391,339</u>	<u>14,736,698</u>	<u>1,022,827</u>	<u>12,886</u>	<u>30,203,019</u>	<u>21,205,575</u>
Net assets released from temporary restrictions							
Satisfaction of time and program restrictions (\$495,623 released in 2014)	239,351	-	-	(239,351)	-	-	-
	<u>14,278,620</u>	<u>391,339</u>	<u>14,736,698</u>	<u>783,476</u>	<u>12,886</u>	<u>30,203,019</u>	<u>21,205,575</u>
Transfer for lease cost (\$535,766 transferred in 2014)	530,346	(530,346)	-	-	-	-	-
Transfer from board designated funds (\$1,065,000 transferred in 2014)	3,210,000	(3,210,000)	-	-	-	-	-
Transfer from board designated funds for repayment of bonds	-	(2,091,421)	2,091,421	-	-	-	-
Transfer from board designated for purchase of condominium	-	(1,794,214)	1,794,214	-	-	-	-
Accumulated investment income released from restriction (Note 6)	624,402	-	-	(624,402)	-	-	-
	<u>18,643,368</u>	<u>(7,234,642)</u>	<u>18,622,333</u>	<u>159,074</u>	<u>12,886</u>	<u>30,203,019</u>	<u>21,205,575</u>
Expenses							
Program Services							
Exhibitions - In house	1,439,773	-	25,801	1,465,574	-	1,465,574	2,447,523
- Tours	241,182	-	1,442	242,624	-	242,624	424,480
Collection	584,785	-	11,735	596,520	-	596,520	661,644
Education	6,678,681	-	426,441	7,105,122	-	7,105,122	6,653,764
Publications	136,999	-	1,257	138,256	-	138,256	159,236
Museum store	577,080	-	4,062	581,142	-	581,142	941,939
Donated facility (Note 13)	1,750,000	-	-	1,750,000	-	1,750,000	2,834,694
Lease cost	1,050,994	-	-	1,050,994	-	1,050,994	942,285
Total Program Services	<u>12,459,494</u>	<u>-</u>	<u>470,738</u>	<u>12,930,232</u>	<u>-</u>	<u>12,930,232</u>	<u>15,065,565</u>
Supporting Services							
Management and general	2,452,102	-	344,685	2,796,787	-	2,796,787	2,286,563
Communications	539,098	-	697	539,795	-	539,795	435,834
Executive	864,324	-	4,657	868,981	-	868,981	854,218
Membership and development	1,013,708	-	9,867	1,023,575	-	1,023,575	1,085,755
Special events - indirect expenses (Note 10)	108,531	-	-	108,531	-	108,531	73,526
Lease cost	379,235	-	-	379,235	-	379,235	342,039
Total Supporting Services	<u>5,356,998</u>	<u>-</u>	<u>359,906</u>	<u>5,716,904</u>	<u>-</u>	<u>5,716,904</u>	<u>5,077,935</u>
Total Expenses	<u>17,816,492</u>	<u>-</u>	<u>830,644</u>	<u>18,647,136</u>	<u>-</u>	<u>18,647,136</u>	<u>20,143,500</u>
Increase (Decrease) in Net Assets Before Item Below	826,876	(7,234,642)	17,791,689	11,383,923	159,074	11,555,883	1,062,075
Appropriation for acquisition of current and future property and equipment	(820,278)	-	820,278	-	-	-	-
Increase (decrease) in net assets	6,598	(7,234,642)	18,611,967	11,383,923	159,074	11,555,883	1,062,075
Net assets, beginning of year	452,322	12,903,118	(1,411,061)	11,944,379	3,647,981	26,436,733	25,374,658
	<u>\$ 458,920</u>	<u>\$ 5,668,476</u>	<u>\$17,200,906</u>	<u>\$23,328,302</u>	<u>\$ 3,807,055</u>	<u>\$10,857,259</u>	<u>\$26,436,733</u>

See notes to financial statements.

INTERNATIONAL CENTER OF PHOTOGRAPHY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	<u>2015</u>	<u>2014 *</u>
Cash Flows From Operating Activities		
Increase in net assets	\$11,555,883	\$1,062,075
Adjustments to reconcile change in net assets net cash used by operating activities:		
Depreciation	267,666	919,293
Amortization of deferred loan costs	114,991	24,720
Amortization of prepaid lease cost	-	34,060
Gain on sale of investments	(4,326,894)	(684,119)
Net unrealized (gain) loss on investments	3,464,393	(3,154,702)
Contributions for property and equipment	(14,577,265)	-
(Increase) decrease in:		
Unconditional promises to give	699,239	314,527
Accounts receivable	83,795	85,574
Inventory	67,941	157,486
Prepaid expenses	(51,337)	114,923
Deferred loan cost	(449,500)	-
Security deposit	941,600	(84,175)
Increase (decrease) in:		
Accounts payable and accrued expenses	136,703	(1,922)
Loan interest payable	7,564	(3,739)
Deferred revenue	(190,951)	(101,293)
Net Cash Used By Operating Activities	<u>(2,256,172)</u>	<u>(1,317,292)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(24,454,298)	(144,509)
Purchase of investments	(5,082,763)	(4,520,538)
Sale proceeds from investments	15,856,341	5,570,892
Net Cash Provided (Used) By Investing Activities	<u>(13,680,720)</u>	<u>905,845</u>
Cash Flows From Financing Activities		
Contributions received for property and equipment	7,610,199	-
Proceeds from loans	30,000,000	-
Repayment of loans payable	(21,121,339)	(575,000)
Net Cash Provided (Used) By Financing Activities	<u>16,488,860</u>	<u>(575,000)</u>
Net increase (decrease) in cash and cash equivalents	551,968	(986,447)
Cash and cash equivalents, beginning of year	<u>514,536</u>	<u>1,500,983</u>
Total Cash and Cash Equivalents, End of Year	<u>\$ 1,066,504</u>	<u>\$ 514,536</u>
Cash and cash equivalents	\$ 924,791	\$ 371,560
Cash and cash equivalents held for investment	<u>141,713</u>	<u>142,976</u>
Total Cash and Cash Equivalents	<u>\$ 1,066,504</u>	<u>\$ 514,536</u>
Supplemental Information		
Interest paid	<u>\$ 219,121</u>	<u>\$ 145,652</u>

* Certain amounts have been reclassified for comparative purposes.

See notes to financial statements.

INTERNATIONAL CENTER OF PHOTOGRAPHY**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The International Center of Photography (the "Center") was established in 1974 to present exhibitions of photography in New York and throughout the world; offer photographic education at all levels; preserve and study important images; and provide a forum for the establishment of standards, exchange of ideas and dissemination of information. The Center is chartered by the Board of Regents of the State of New York and accredited by the American Association of Museums. The Center has several locations in New York City and New Jersey. The Center closed its New York City museum location in leased facilities at 1133 Avenue of the Americas in January 2015 and plans to reopen in owned facilities at 250 Bowery in Spring 2016. In January 2015, the Center's curatorial offices and collection were relocated from 1133 Avenue of the Americas to larger facilities at Mana Contemporary in Jersey City, New Jersey. The Center's school and administrative offices are located at 1114 Avenue of the Americas. The Center is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation.

The Center's income comes from support, which includes grants and contributions, membership dues, special events, and a donated facility; and earned revenue, which includes tuition and educational fees, museum store sales, museum admissions, exhibition tour rental fees, investment return, and other revenue. For the year ended June 30, 2015, unrestricted support totaled \$20,206,371 and unrestricted revenue totaled \$9,824,688; 67% and 33%, respectively, of total unrestricted support and revenue.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments, with an initial maturity of three months or less, to be cash equivalents, except for cash and short term investments managed by the Center's investment managers as part of their long-term investment strategies.

c - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market date obtained from sources independent of the Center. Unobservable inputs reflect the Center's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

c - Fair Value Measurements (continued)

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

d - Investments

The Center reflects investments with determinable fair values at their fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Alternative investments, which do not have readily determinable fair values, are reported based upon the underlying net asset value per share or its equivalent, which is estimated at fair value by the fund manager or general partner in a manner consistent with accounting principles generally accepted in the United States for investment companies. The Center reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds, as opposed to direct interests in those funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Center's interest therein, its classification in Level 2 or 3 is based on the Center's ability to redeem its interest at or near the measurement date. If the interests can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

INTERNATIONAL CENTER OF PHOTOGRAPHY**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****e - Contributions and Unconditional Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions that the donor requires to be used to acquire and or develop long-lived assets are reclassified to unrestricted net assets at the time the long-lived assets are placed in service.

The Center has established an allowance for uncollectible promises to give. The allowance is based on management's analysis of specific promises made.

f - Accounts Receivable

Accounts receivable from earned revenue are recorded net of an allowance for doubtful accounts. An allowance of \$20,000 has been established by management as a reasonable provision for uncollectible accounts receivable.

g - Inventory

Inventory consists of books, posters and other educational materials and is stated at the lower of cost (first-in, first-out method) or market.

h - Property and Equipment

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

i - Archives and Collection

The Center's archives and collection includes over 150,000 prints by more than 1,000 photographers. The Center also maintains an extensive library of photography books and publications. These resources are maintained for public benefit, to be used in public exhibitions and for education and research activity. In conformity with accounting policies generally followed by art museums, the value of these resources has been excluded from the statement of financial position, and gifts of objects for the collection and library are excluded from the statement of activities. Pursuant to the Center's policy and generally accepted practice at art museums, proceeds from the sale of collection or library objects are used to acquire other collection or library objects. Such proceeds, together with contributions and unconditional promises to give for the purchase of items for the collection and library, are classified as temporarily restricted net assets until acquisitions are made. The cost of such acquisitions is recorded as a separate program expense.

INTERNATIONAL CENTER OF PHOTOGRAPHY**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****j - Financial Statement Presentation**

The Center classifies all financial transactions into three net asset categories in accordance with donor-imposed restrictions: permanently restricted, temporarily restricted and unrestricted. See Note 2 for a further description of these net asset categories.

k - Advertising

Advertising costs are charged to operations when incurred. Advertising expense (not including marketing) for the years ended June 30, 2015 and 2014 was \$135,538 and \$126,573, respectively.

l - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

m - Deferred Revenue

Deferred revenue is income for activities that will occur in future fiscal years including tuition, fees for traveling exhibitions, related fees for classes and fees for special events.

n - Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

o - Tax Status

The Center is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as a corporation which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. The Center's tax returns are generally subject to examination by taxing authorities for a period of three years from the date of filing.

p - Subsequent Events

The Center has evaluated subsequent events through November 19, 2015, the date that the financial statements are considered available to be issued.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 2 - Net Assets**a - Unrestricted Net Assets**

Unrestricted net assets are classified by the Center into three funds:

1. Operating - Net assets retained as working capital for annual operations.
2. Board Designated Funds - Consists of two sub-categories:

Building Fund includes a portion of the proceeds from the November 1999 sale of 1130 Fifth Avenue, invested to provide income to fund the Center's lease commitments and future building projects. Net asset values at June 30, 2015 and 2014 were \$4,556,120 and \$11,836,129, respectively.

Special Projects Fund includes special unrestricted contributions and bequests that have been invested to fund current and future activity. Net asset values at June 30, 2015 and 2014 were \$1,112,356 and \$1,066,989, respectively.

3. Property, Plant and Equipment - Includes the cost of property and improvements, net of accumulated depreciation; prepaid deposits; deferred loan costs; bonds payable; and investments allocated toward the acquisition of property, plant and equipment, and bonds payable.

b - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted for future programs and operations of the Center and are summarized as follows:

	2015	2014
Accumulated endowment investment earnings	\$2,991,200	\$3,069,558
Grants and contributions	815,855	578,423
	\$3,807,055	\$3,647,981

c - Permanently Restricted Net Assets

Permanently restricted net assets are designated by the donors to be invested in perpetuity but permit the Center to use part or all of the income derived from the assets for either specified or unspecified purposes.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 2 - Net Assets (continued)c - Permanently Restricted Net Assets (continued)

Permanently restricted net assets, which consists of investments and unconditional promises to give, are designated as follows:

	<u>2015</u>	<u>2014</u>
Cash reserve endowment funds	\$ 138,795	\$ 138,795
Endowment Funds		
Income and gains are restricted	3,122,478	3,109,592
Income and gains are unrestricted	<u>7,595,986</u>	<u>7,595,986</u>
	<u>10,718,464</u>	<u>10,705,578</u>
 Total	 <u>\$10,857,259</u>	 <u>\$10,844,373</u>

In previous years, a number of trustees made pledges toward the endowment. Recordable pledges at June 30, 2015 were \$213,686 (net of applicable discount to present value).

Note 3 - Concentration of Credit Risk

The Center maintains cash balances at several financial institutions and brokerage firms in New York City. The cash balances, at times, may exceed insured limits.

Note 4 - Unconditional Promises to Give

Unconditional promises to give are classified as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted:		
Operating	\$ 470,729	\$ 865,308
Property, plant and equipment	6,967,066	-
Restricted to future programs and periods	305,990	191,036
Restricted to endowment	<u>213,686</u>	<u>633,300</u>
	<u>\$7,957,471</u>	<u>\$1,689,644</u>

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 4 - Unconditional Promises to Give (continued)

Unconditional promises to give are due as follows:

<u>Year Ending June 30,</u>		
2016		\$5,294,824
2017		2,776,967
2018		25,000
2019		<u>24,998</u>
		8,121,789
Less: Discount to present value		<u>(164,318)</u>
	Total June 30, 2015	<u>\$7,957,471</u>
	Total June 30, 2014	<u>\$1,689,644</u>

At June 30, 2015, uncollectible balances were expected to be insignificant. Unconditional promises to give for periods after one year are discounted to net present value using a discount rate of 3%.

Note 5 - Investments and Cash and Cash Equivalents

The fair value of the Center's investment portfolio and cash categories, which includes new contributions invested during the year, are as follows:

	<u>2015</u>	<u>2014</u>
Equity securities	\$ 7,237,460	\$12,113,197
Alternative Investments		
Hedge funds	2,757,672	2,343,932
Multiple strategy funds	<u>4,871,611</u>	<u>8,807,527</u>
	<u>7,629,283</u>	<u>11,151,459</u>
Fixed income mutual funds	4,347,619	5,653,333
Cash and short-term investments	<u>347,076</u>	<u>554,526</u>
	<u>4,694,695</u>	<u>6,207,859</u>
Total Investments at Market Value	19,561,438	29,472,515
Investments at Cost - 2015	<u>\$11,999,622</u>	
- 2014	<u>18,446,306</u>	
Cash and cash equivalents held for long-term investment	141,713	142,976
Cash and cash equivalents	<u>924,791</u>	<u>371,560</u>
Total Investments and Cash and Cash Equivalents	<u>\$20,627,942</u>	<u>\$29,987,051</u>

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 5 - Investments and Cash and Cash Equivalents (continued)

In Fiscal 2015 and 2014, the Center had investments in alternative investments that are limited partnerships. While these investments contain varying degrees of risk, the Center's risk is limited to its capital investment in each investment.

Some of the fixed income mutual funds have equity positions from time to time but the overall strategy is to earn fixed income for the Center. The following schedule summarizes the Center's investments and cash by fund category and by net asset classification (see Note 2 for the net asset class and fund descriptions):

	<u>2015</u>	<u>2014</u>
Endowment Funds		
Permanently restricted	\$10,643,573	\$10,211,073
Temporarily restricted	<u>2,991,200</u>	<u>3,069,558</u>
Total Endowment	13,634,773	13,280,631
Temporarily restricted	509,865	394,682
Unrestricted		
Building fund	4,533,061	11,812,568
Other unrestricted funds	<u>1,950,243</u>	<u>4,499,170</u>
 Total Investments and Cash and Cash Equivalents	 <u>\$20,627,942</u>	 <u>\$29,987,051</u>

As part of the financial covenants in the loan agreement with Build NYC Resources Corporation (Note 14), the Center is required to maintain at least \$3.5 million in unrestricted investments and cash. The balance of the loan outstanding at June 30, 2015 is \$14,908,661 (Note 14).

The following schedule summarizes total investment return and earnings on cash and cash equivalents:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 359,801	\$ 464,078
Net realized and unrealized gains	862,501	3,838,821
Less: Investment manager and advisor fees	<u>(123,515)</u>	<u>(131,986)</u>
 Total Return on Investments	 <u>\$1,098,787</u>	 <u>\$4,170,913</u>

According to the Center's endowment spending policy, a portion of the endowment's total investment return may be utilized for current activity. The endowment spending policy has been established by the Center's Board of Trustees and is described in Note 6.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 5 - Investments and Cash and Cash Equivalents (continued)

On an annual basis, the Board of Trustees establishes an allocation from the Board Designated Building Fund to defray a portion of the Center's lease costs and from the Special Projects fund to defray operating costs.

The allocation of the Center's investment return was as follows:

	2015			2014	
	Investment Return	Transfer For Lease and Operating Costs	Accumulated Investment Income Released From Restriction	Total	Total
Unrestricted Operating					
Investment income	\$ 1,971	\$ -	\$ -	\$ 1,971	\$ 915
Transfer for lease cost	-	530,346	-	530,346	535,766
Transfer for operating costs	-	3,210,000	-	3,210,000	1,065,000
Accumulated investment income released from restriction	-	-	624,402	624,402	585,527
	<u>1,971</u>	<u>3,740,346</u>	<u>624,402</u>	<u>4,366,719</u>	<u>2,187,208</u>
Board Designated Funds					
Transfer from Building fund to cover lease costs	-	(530,346)	-	(530,346)	(535,766)
Transfer from Building fund to cover operating costs	-	(3,210,000)	-	(3,210,000)	-
Transfer from Building fund to repay bond	-	(2,091,421)	-	(2,091,421)	-
Transfer from Building fund for purchase of condominium	-	(1,794,214)	-	(1,794,214)	-
Transfer from board designated Special Projects fund to cover operating costs	-	-	-	-	(1,065,000)
Investment income held in board designated funds from:					
Building fund	346,475	-	-	346,475	1,703,180
Special Projects fund	44,864	-	-	44,864	285,607
	<u>391,339</u>	<u>(7,625,981)</u>	<u>-</u>	<u>(7,234,642)</u>	<u>388,021</u>
Property, Plant and Equipment Fund					
Allocated investment income	159,433	-	-	159,433	266,364
Transfer to repay bond	-	2,091,421	-	2,091,421	-
Transfer to purchase condominium	-	1,794,214	-	1,794,214	-
	<u>159,433</u>	<u>3,885,635</u>	<u>-</u>	<u>4,045,068</u>	<u>266,364</u>
Temporarily Restricted					
Accumulated investment income released from restriction	-	-	(624,402)	(624,402)	(585,527)
Investment income held in temporarily restricted endowment fund	546,044	-	-	546,044	1,914,847
	<u>546,044</u>	<u>-</u>	<u>(624,402)</u>	<u>(78,358)</u>	<u>1,329,320</u>
Total Return on Investments	<u>\$1,098,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,098,787</u>	<u>\$4,170,913</u>

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 5 - Investments and Cash and Cash Equivalents (continued)

The following summarizes the Center's investments by the levels within the fair value hierarchy used to measure their respective fair values at June 30, 2015 and 2014:

	2015			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 7,237,460	\$ 7,237,460	\$ -	\$ -
Alternative Investments:				
Hedge funds	2,757,672	-	2,757,672	-
Multiple strategy funds	4,871,611	-	1,200,807	3,670,804
Fixed income mutual funds	4,347,619	4,347,619	-	-
Cash and short-term investments	<u>347,076</u>	<u>347,076</u>	<u>-</u>	<u>-</u>
	<u>\$19,561,438</u>	<u>\$11,932,155</u>	<u>\$3,958,479</u>	<u>\$3,670,804</u>
	2014			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$12,113,197	\$12,113,197	\$ -	\$ -
Alternative Investments:				
Hedge funds	2,343,932	-	2,343,932	-
Multiple strategy funds	8,807,527	-	4,968,463	3,839,064
Fixed income mutual funds	5,653,333	5,653,333	-	-
Cash and short-term investments	<u>554,526</u>	<u>554,526</u>	<u>-</u>	<u>-</u>
	<u>\$29,472,515</u>	<u>\$18,321,056</u>	<u>\$7,312,395</u>	<u>\$3,839,064</u>

The following summarizes changes in fair value of the Center's Level 3 assets for the year ended June 30, 2015. The information reflects gains and losses for the full year for assets and liabilities categorized as Level 3 as of June 30, 2015. The information does not include gains or losses for assets and liabilities that were transferred out of Level 3 prior to June 30, 2015.

Balance, beginning of year	\$3,839,064
Unrealized loss	<u>(168,260)</u>
Balance, End of Year	<u>\$3,670,804</u>

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 5 - Investments and Cash and Cash Equivalents (continued)

The unrealized loss of the Center's Level 3 assets are in the unrestricted and temporarily restricted net assets.

The alternative investments included in the Center's investment portfolio at June 30, 2015 are redeemable based on the following terms and conditions:

Hedge Funds:	
Quarterly with 60 days' notice	<u>\$2,757,672</u>
Multiple Strategies Funds:	
Quarterly with 90 days' notice	1,200,807
Annual redemption (or quarterly redemption with 60 days' notice and 5% redemption charge)	<u>3,670,804</u>
	<u>4,871,611</u>
	<u>\$7,629,283</u>

The following are descriptions of the investment strategies of the alternative investments:

Hedge Funds:	Invests in long and short positions in equities, corporate bonds and corporate loans.
Multiple Strategy Fund:	Invests in relative value fundamental equity, statistical arbitrage, fixed income arbitrage, merger/event arbitrage, futures, currencies, distressed securities, leveraged loans, real estate (both equity and debt), private equity, merger arbitrage, and convertible arbitrage.

Note 6 - Endowment Funds

The Center's endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 - Endowment Funds (continued)

The Center's endowment consists of funds described in Note 2. Its endowment is comprised of donor-restricted endowment funds. Consistent with New York State Not-for-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center.

In accordance with NYPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (i) the duration and preservation of the endowment fund;
- (ii) the purposes of the Center and the endowment fund;
- (iii) general economic conditions;
- (iv) the possible effect of inflation or deflation;
- (v) the expected total return from income and the appreciation of investments;
- (vi) other resources of the Center;
- (vii) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Center; and
- (viii) the investment policy of the Center

The Center's invested endowment funds composition, by type of fund and net asset classification, are summarized as follows at June 30:

	2015		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$2,991,200</u>	<u>\$10,643,573</u>	<u>\$13,634,773</u>
	2014		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$3,069,558</u>	<u>\$10,211,073</u>	<u>\$13,280,631</u>

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 - Endowment Funds (continued)

Changes in the Center's endowment funds for the years ended June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$3,069,558	\$10,211,073	\$13,280,631
Investment Return:			
Investment income, net of investment fees	103,138	-	103,138
Net realized and unrealized appreciation	<u>442,906</u>	<u>-</u>	<u>442,906</u>
Total Investment Return	<u>546,044</u>	<u>-</u>	<u>546,044</u>
Contributions received	<u>-</u>	<u>432,500</u>	<u>432,500</u>
Appropriation of endowment assets for expenditure	<u>(624,402)</u>	<u>-</u>	<u>(624,402)</u>
Endowment Funds, End of Year	<u>\$2,991,200</u>	<u>\$10,643,573</u>	<u>\$13,634,773</u>
	<u>2014</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$1,739,881	\$10,211,073	\$11,950,954
Investment Return:			
Investment income, net of investment fees	173,893	-	173,893
Net realized and unrealized appreciation	<u>1,741,311</u>	<u>-</u>	<u>1,741,311</u>
Total Investment Return	<u>1,915,204</u>	<u>-</u>	<u>1,915,204</u>
Appropriation of endowment assets for expenditure	<u>(585,527)</u>	<u>-</u>	<u>(585,527)</u>
Endowment Funds, End of Year	<u>\$3,069,558</u>	<u>\$10,211,073</u>	<u>\$13,280,631</u>

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the total return of a custom benchmark consisting of the S&P 500 Index, the Barclays Capital Aggregate Bond Index, and the Hedge Fund Research Fund Weighted Composite. The Center expects its endowment funds, over time, to provide an average rate of return of approximately 6% above the inflation rate annually. Actual returns in any given year may vary from this amount.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 6 - Endowment Funds (continued)

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation and a broad diversification of investment managers to achieve its long-term return objectives within prudent risk constraints.

The Center has a policy of appropriating for distribution each year 4% of the average fair value of endowment funds over the prior twelve quarters drawn quarterly. The Board of Trustees has annually elected to increase the spending rate to 5% in each of the fiscal years since June 30, 2011. In establishing this policy, the Center considered the long-term expected return on its endowment. Accordingly, over the long term, the Center expects the current spending policy to allow its endowment to grow at an average of 1 - 2% above the inflation rate annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2015</u>	<u>2014</u>
Building and improvements	Under renovation	\$21,208,863	\$ -
Improvements	Lease	11,960,315	17,151,829
Furniture and fixtures	10 years	679,719	603,494
Equipment	5 years	2,361,606	3,452,410
Website	5 years	<u>577,584</u>	<u>-</u>
		36,788,087	21,207,733
Less: Accumulated depreciation		<u>(14,426,141)</u>	<u>(20,683,487)</u>
		22,361,946	524,246
Land		<u>2,348,932</u>	<u>-</u>
Total		<u>\$24,710,878</u>	<u>\$ 524,246</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$267,666 and \$919,293, respectively.

In January, 2015, the Center vacated its museum space and abandoned its fully depreciated leasehold improvements. The original cost of the improvements approximated \$6,525,000.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 8 - Deferred Loan Costs

Deferred loan costs are being amortized over the life of the loan payable (Note 14). Amortization expense for the years ended June 30, 2015 and 2014 was \$114,991 and \$24,720, respectively. Accumulated amortization as of June 30, 2015 and 2014 was \$3,746 and \$102,999, respectively.

Note 9 - Commitment and Contingency

a - The Center's employment agreement with its executive director extends through November 2016.

b - Government supported projects are subject to audit by the granting agency.

Note 10 - Special Events

The Center held special events to provide support. The costs of direct benefits related to these events amounted to \$366,478 and \$415,719 for the years ended June 30, 2015 and 2014, respectively. Indirect benefit costs were \$108,531 and \$73,526 for the respective periods.

Note 11 - Functional Allocation of Expenses

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

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 12 - Tax Deferred Annuity Plan

The Center participates in a tax deferred annuity plan for all eligible employees. For those employees participating, contributions may be made up to the limits allowable by law. The Center will make a matching contribution of up to 5% of the employee's compensation. The Center's total contribution to the plan for the years ended June 30, 2015 and 2014 was \$227,409 and \$202,978, respectively.

Note 13 - Leased Facilities

In 1999, the Center leased space at 1133 Avenue of the Americas through December 31, 2013 from a lessor-donor, at an annual rent of \$1,756,000, subject to an annual 3% increase each May 1st, abated to one dollar per annum on a non-transferable basis as long as the Center continued to be the occupant. On September 16, 2013, an agreement was signed that extended the Center's occupancy under the same terms through January 31, 2015. The Center moved out of the space in January, 2015. The value of the donation for the years ended June 30, 2015 and 2014, as stated in the lease, was \$1,750,000 and \$2,834,694, respectively, and has been reflected as a contribution and as an expense on the accompanying statement of activity.

As part of the lease, the Center remitted to the lessor a refundable security deposit of \$1,000,000 during May 2002. The security deposit was returned to the Center when the space was vacated during the year ended June 30, 2015. In addition, in 1999, the Center made a one-time payment of \$1 million in lieu of certain non-rent tenant obligations. This payment was fully amortized at June 30, 2014.

In 2000, the Center leased space at 1114 Avenue of the Americas through December 31, 2013, with one five-year renewal option through December 31, 2018 at 95% of fair market value, for the Center's school and administrative offices. An amendment was signed in May 2013 to extend the lease through December 31, 2018. Rent expense for the years ended June 30, 2015 and 2014 was \$1,381,236 and \$1,282,815, respectively. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2016	\$1,282,521
2017	1,288,872
2018	1,295,223
Through December 31, 2018	<u>649,199</u>
Total Minimum Lease Payments	<u>\$4,515,815</u>

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 13 - Leased Facilities (continued)

The Center leases space at 24-20 Jackson Avenue, Long Island City, through January 31, 2016, for the Center's master's student studio. Rent expense for the years ended June 30, 2015 and 2014 was \$61,736 and \$59,355, respectively. Future minimum lease payments through January 31, 2016 is \$34,369.

In January, 2015, The Center entered into an agreement to lease space at Mana Contemporary through December 31, 2019, with a five-year renewal option through December 31, 2024. Rent expense for the year ended June 30, 2015 was \$84,000. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 189,000
2017	273,000
2018	341,040
2019	351,330
Through December 31, 2019	<u>178,290</u>
Total Minimum Lease Payments	<u>\$1,332,660</u>

Note 14 - Loan Payable

In March 2001, the Center entered into a loan agreement with The Trust for Cultural Resources of the City of New York (the "Trust") to finance the construction and equipping of the Center's facilities at 1133 and 1114 Avenue of the Americas. Pursuant to this loan agreement, the Trust issued two Series 2000 Revenue Bonds aggregating \$11,000,000. These bonds were purchased by JPMorgan Chase, N.A. and retired in 2010.

In May 2010, the Center entered into a new loan agreement with the Trust, whereby the Trust issued Series 2010A Bonds in the amount of \$8,330,000 to repay the outstanding principal balance and to pay the Center's costs and expenses in connection with the issuance and delivery of the bonds.

In January 2015, the Center closed its facility at 1133 Avenue of the Americas and utilized a portion of its unrestricted funds to pay the outstanding principal balance in the amount of \$6,030,000 and retired the bonds.

In April 2015, the Center entered into a loan agreement with Build NYC Resource Corporation ("Build NYC") and First Republic Bank ("the Bank"), whereby Build NYC issued a 2015 tax-exempt refunding note in the amount of \$15,000,000 to finance the purchase of the retail condominium unit at 250 Bowery and its construction and equipping as the new location for the Center's museum facility.

INTERNATIONAL CENTER OF PHOTOGRAPHY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 14 - Loan Payable (continued)

Interest and principal is to be paid monthly on a 25-year amortization schedule. Through October 2017, the monthly payment (principal and interest) is \$73,346 with annual interest at 3.25%. Beginning in November 2017 through March, 2035, the monthly payment (principal and interest) is \$71,520 and the annual interest is 3.00%. A balloon payment of \$4,047,237 is due April 1, 2035. No pre-payment is permitted in years one and two of the loan, pre-payment without penalty fee is permitted after year five of the loan. The pre-payment fee is 2% of the loan balance for years two through four or 1% for year five.

The tax-exempt loan is secured by a first mortgage lien on the Center's property at 250 Bowery and a first priority lien on the Center's other assets.

The loan agreement requires that the market value of the Center's cash plus the unrestricted portion of the Center's investment portfolio exceed \$3,500,000 through December 2015, \$4,000,000 through December, 2016, and \$5,000,000 thereafter.

The unrestricted investments and cash balances at June 30, 2015 (Note 5) are as follows:

Building fund	\$ 4,533,061
Other unrestricted funds	<u>1,950,243</u>
Total Unrestricted Funds	<u>\$ 6,483,304</u>
Loan payable	<u>\$14,908,661</u>

The principal balance of the bonds at June 30, 2015 was \$14,908,661.

Interest expense for the year ended June 30, 2015 was \$226,685 of which \$40,378 was payable at June 30, 2015. Interest expense for the year ended June 30, 2014 was \$141,913 of which \$32,814 was payable at June 30, 2014.

SUPPLEMENTARY INFORMATION



LUTZ AND CARR

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of
International Center of Photography

We have audited the financial statements of International Center of Photography as of and for the year ended June 30, 2015, and our report thereon dated November 19, 2015, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2015 with comparative totals for 2014 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
November 19, 2015

INTERNATIONAL CENTER OF PHOTOGRAPHY

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Services						Supporting Services					2015	2014	
	Exhibitions In House	Exhibitions Tours	Collection	Education	Publications	Museum Store	Total	Management and General	Communications	Executive	Membership and Development (including special events)	Total	Total Expenses	Total Expenses
Salaries	\$ 621,655	\$ 92,874	\$282,992	\$1,882,320	\$ 90,824	\$145,266	\$ 3,115,931	\$ 1,169,976	\$ 346,572	\$652,271	\$ 654,288	\$2,823,107	\$ 5,939,038	\$ 5,267,770
Temporary help	250	-	210	41,115	-	379	41,954	13,486	-	11,015	18,387	42,888	84,842	104,370
Teacher and lecture fees	-	-	-	1,441,020	-	-	1,441,020	-	-	-	-	-	1,441,020	1,419,395
Consultants	56,948	4,101	48,845	148,465	10,918	608	269,885	250,780	54,683	1,800	13,721	320,984	590,869	835,537
Payroll taxes and fringe benefits	135,532	22,601	106,707	418,354	20,160	35,396	738,750	193,362	83,431	138,453	123,510	538,756	1,277,506	1,212,101
Cost of goods sold	-	-	-	-	9,277	291,554	300,831	-	-	-	-	-	300,831	547,011
Supplies	38,683	23,846	12,801	434,672	15	3,174	513,191	21,284	2,805	1,596	6,962	32,647	545,838	687,043
Opening receptions	24	-	24	4,348	-	-	4,396	-	895	-	49,024	49,919	54,315	73,995
Collection purchases	1,853	-	59,420	-	-	-	61,273	-	-	-	-	-	61,273	64,365
Travel, transportation and lodging	32,908	6,062	7,363	196,903	87	1,936	245,259	7,691	812	23,164	12,436	44,103	289,362	265,786
Occupancy costs	419,836	1,529	32,099	635,944	4,502	53,217	1,147,127	281,173	13,506	27,013	54,025	375,717	1,522,844	1,875,915
Moving costs	-	-	-	-	-	-	-	245,255	-	-	-	245,255	245,255	-
Studio rent	-	-	-	61,893	-	-	61,893	-	-	-	-	-	61,893	60,092
Postage, freight and shipping	53,672	46,835	4,545	58,596	505	18,171	182,324	1,780	1,058	368	9,409	12,615	194,939	352,612
Telecommunications	7,337	761	2,689	14,691	711	2,763	28,952	26,544	11,715	2,651	4,826	45,736	74,688	66,149
Miscellaneous	-	30	258	-	-	18	306	14,846	-	-	20	14,866	15,172	15,893
Printing and typing	3,875	-	-	102,988	-	-	106,863	1,045	2,697	150	29,471	33,363	140,226	170,964
Advertising and marketing	36,514	-	-	239,155	-	-	275,669	1,175	3,295	325	3,916	8,711	284,380	294,433
Professional fees	3,476	3,475	4,556	13,978	-	6,032	31,517	95,119	-	213	1,429	96,761	128,278	221,068
Insurance and storage	12,878	12,687	12,250	53,252	-	-	91,067	6,153	-	-	-	6,153	97,220	113,461
Dues subscriptions and matriculation fees	434	465	-	119,146	-	142	120,187	321	12,757	5,305	2,948	21,331	141,518	130,075
Loan fees	-	-	7,348	-	-	-	7,348	-	-	-	-	-	7,348	107,101
Bank and credit card fees	11,591	510	829	112,737	-	13,603	139,270	40	-	-	10,061	10,101	149,371	151,615
Data processing	-	-	-	15,897	-	-	15,897	122,072	4,872	-	19,275	146,219	162,116	123,970
Annual report	-	-	-	-	-	-	-	-	-	-	-	-	-	5,147
Equipment rental and repair	2,307	-	-	44,956	-	4,821	52,084	-	-	-	-	-	52,084	56,296
Scholarships and grants	-	-	-	633,228	-	-	633,228	-	-	-	-	-	633,228	582,807
Indirect special events	-	-	-	-	-	-	-	-	-	-	108,531	108,531	108,531	73,526
Bad debt expense	-	25,406	1,849	5,023	-	-	32,278	-	-	-	-	-	32,278	-
Subtotal Operating Expenses	1,439,773	241,182	584,785	6,678,681	136,999	577,080	9,658,500	2,452,102	539,098	864,324	1,122,239	4,977,763	14,636,263	14,878,497
Donated facility	-	-	-	-	-	-	1,750,000	-	-	-	-	-	1,750,000	2,834,694
Rent and lease cost	-	-	-	-	-	-	1,050,994	-	-	-	-	379,235	1,430,229	1,284,324
Subtotal Operating Expenses	1,439,773	241,182	584,785	6,678,681	136,999	577,080	12,459,494	2,452,102	539,098	864,324	1,122,239	5,356,998	17,816,492	18,997,515
Property, Plant and Equipment														
Depreciation	11,038	621	5,051	183,551	541	1,749	202,551	58,559	300	2,009	4,247	65,115	267,666	919,293
Interest	9,348	526	4,278	155,449	458	1,481	171,540	49,593	254	1,701	3,597	55,145	226,685	141,913
Capital project and loan expenses	-	-	-	-	-	-	-	208,637	-	-	-	208,637	208,637	-
Other expenses	672	29	236	8,586	25	81	9,629	2,739	14	84	199	3,036	12,665	25,999
Amortization of deferred loan costs	4,743	266	2,170	78,855	233	751	87,018	25,157	129	863	1,824	27,973	114,991	24,720
Amortization of prepaid lease expense	-	-	-	-	-	-	-	-	-	-	-	-	-	34,060
Subtotal Property, Plant and Equipment	25,801	1,442	11,735	426,441	1,257	4,062	470,738	344,685	697	4,657	9,867	359,906	830,644	1,145,985
Total Expenses, 2015	\$1,465,574	\$ 242,624	\$596,520	\$7,105,122	\$ 138,256	\$581,142	\$12,930,232	\$ 2,796,787	\$ 539,795	\$868,981	\$ 1,132,106	\$5,716,904	\$18,647,136	
Expenses, 2014														
Donated facility	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,834,694	\$ -	\$ -	\$ -	\$ -	\$ -		
Rent and lease cost	-	-	-	-	-	-	942,285	-	-	-	-	342,039		
Other expenses	-	-	-	-	-	-	11,288,586	-	-	-	-	4,735,896		
Total Expenses, 2014	\$2,447,523	\$ 424,480	\$661,644	\$6,653,764	\$ 159,236	\$941,939	\$15,065,565	\$ 2,286,563	\$ 435,834	\$854,218	\$ 1,159,281	\$5,077,935		\$20,143,500

See independent auditors' report on supplementary information.