SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
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CHESS-IN-THE-SCHOOLS, INC.

Audited Financial Statements

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Chess-in-the-Schools, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Chess-in-the-Schools, Inc. which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chess-in-the-Schools, Inc. as of June 30, 2018 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 Chess-in-the-Schools, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

January 18, 2019

CHESS-IN-THE-SCHOOLS, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2018
(With comparative totals at June 30, 2017)

	6/30/18	6/30/17
Assets		
Cash and cash equivalents	$436,896	$339,968
Investments (Note 3)	11,115,459	10,902,806
Program fees receivable	114,725	29,939
Government grants receivable	562,759	507,775
Pledges receivable	270,000	323,258
Inventory	21,887	25,050
Investments held for endowment (Notes 3 and 6)	252,096	231,347
Fixed assets (net of accumulated depreciation) (Note 4)	78,629	146,153
Total assets	$12,852,451	$12,506,296
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$40,217	$74,450
Deferred revenue	0	50,000
Deferred rent	26,481	56,558
Total liabilities	66,698	181,008
Net assets:		
Unrestricted:		
Operations	7,427,678	6,988,941
Board designated	5,000,000	5,000,000
Total unrestricted	12,427,678	11,988,941
Temporarily restricted (Note 5)	258,075	236,347
Permanently restricted (Note 6)	100,000	100,000
Total net assets	12,785,753	12,325,288
Total liabilities and net assets	$12,852,451	$12,506,296

The attached notes and auditor's report are an integral part of these financial statements.

CHESS-IN-THE-SCHOOLS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	Unrestricted	Temporarily Restricted (Note 5)	Permanently Restricted (Note 6)	Total 6/30/18	Total 6/30/17
Public support and revenue:					
Contributions	$994,840	$35,000		$1,029,840	$517,983
Gala				0	667,946
Government grants	582,100			582,100	554,464
Program fee revenue	260,723			260,723	95,000
Miscellaneous income	3,036			3,036	0
Net assets released from restriction	45,467	(45,467)		0	0
Total public support and revenue	1,886,166	(10,467)	0	1,875,699	1,835,393
Expenses:					
Program services	1,726,714			1,726,714	1,996,504
Management and general	350,476			350,476	562,622
Fundraising	286,236			286,236	290,687
Total expenses	2,363,426	0	0	2,363,426	2,849,813
Change in net assets from operations	(477,260)	(10,467)	0	(487,727)	(1,014,420)
Non-operating activities:					
Interest and dividend income	244,806	18,180		262,986	344,136
Net realized gain from investments	67,985	829		68,814	59,286
Net unrealized gain from investments	694,752	13,186		707,938	1,124,347
Loss on disposal of leasehold improvements	(91,546)			(91,546)	0
Total non-operating activities	915,997	32,195	0	948,192	1,527,769
Total change in net assets	438,737	21,728	0	460,465	513,349
Net assets - beginning of year	11,988,941	236,347	100,000	12,325,288	11,811,939
Net assets - end of year	$12,427,678	$258,075	$100,000	$12,785,753	$12,325,288

The attached notes and auditor's report are an integral part of these financial statements.

CHESS-IN-THE-SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	Program Services								
	School Programs	College Bound Program	Teacher Training Institute	Tournament Program	Total Progam Services	Management and General	Fundraising	Total Expenses 6/30/18	Total Expenses 6/30/17 *
Salaries	$588,392	$141,383	$6,624	$241,115	$977,514	$57,147	$92,323	$1,126,984	$1,510,285
Payroll taxes and benefits	166,283	29,516	1,810	41,332	238,941	20,983	15,339	275,263	271,916
Scholarships and grants				26,000	26,000			26,000	20,950
Other program expenses	12,667	10,062	3,684	34,871	61,284	1,495	9,090	71,869	106,721
Office expenses	20,893	8,730	414	15,029	45,066	7,573	14,580	67,219	92,904
Telephone	6,314	1,946	71	2,158	10,489	2,414	991	13,894	12,382
Insurance	3,958	17,489	304	5,684	27,435	3,968	1,789	33,192	39,912
Consultants	14,051	4,074	149	4,520	22,794	91,288	115,294	229,376	170,801
Professional fees	20,569	6,340	232	7,032	34,173	42,398	3,227	79,798	85,776
Public relations and advertising					0	2,000	1,740	3,740	45,571
Travel and meals	48	21,924		4,511	26,483	2,373	6,734	35,590	34,871
Depreciation and amortization	1,386	9,076	126	2,017	12,605	2,393	959	15,957	22,688
Other		1,493		380	1,873	10,651	5,961	18,485	26,713
Occupancy	21,454	140,427	1,950	31,206	195,037	37,032	14,813	246,882	293,192
Annuity and pension expense (Note 9)					0	62,554		62,554	62,554
Repairs and maintenance	3,283	21,495	299	7,097	32,174	3,388	2,268	37,830	24,424
Utilities	1,633	10,690	148	2,375	14,846	2,819	1,128	18,793	18,153
Bad debt					0			0	10,000
Total	$860,931	$424,645	$15,811	$425,327	$1,726,714	$350,476	$286,236	$2,363,426	$2,849,813

* Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

CHESS-IN-THE-SCHOOLS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	6/30/18	6/30/17
Cash flows from operating activities:		
Change in net assets	$460,465	$513,349
Adjustments to reconcile change in net assets		
to net cash flows used for operating activities:		
Depreciation and amortization	15,957	22,688
Realized gains on sale of investments	(68,814)	(59,286)
Unrealized gains on sale of investments	(707,938)	(1,124,347)
Donated stock	(75,113)	0
Loss on disposal of leasehold improvements	91,546	0
Changes in assets and liabilities:		
Program fees receivable	(84,786)	7,305
Government grants receivable	(54,984)	(22,680)
Pledges receivable	53,258	173,784
Inventory	3,163	13,247
Prepaid expenses	0	24,574
Accounts payable and accrued expenses	(34,233)	61,525
Conditional contributions	(50,000)	50,000
Deferred rent	(30,077)	(11,734)
Total adjustments	(942,021)	(864,924)
Net cash flows used for operating activities	(481,556)	(351,575)
Cash flows from investing activities:		
Sales of investments	3,234,418	2,376,102
Purchases of investments	(2,615,955)	(2,759,588)
Purchase of fixed assets	(39,979)	(38,979)
Net cash flows provided by/(used for) investing activities	578,484	(422,465)
Net increase/(decrease) in cash and cash equivalents	96,928	(774,040)
Cash and cash equivalents - beginning of year	339,968	1,114,008
Cash and cash equivalents - end of year	$436,896	$339,968

No interest or income taxes were paid.

The attached notes and auditor's report are an integral part of these financial statements.

CHESS-IN-THE-SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Nature of Entity

Chess-in-the-Schools, Inc. ("CIS") fosters the intellectual and social development of low-income youth through chess education.

CIS was incorporated in the State of New York and has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") and similar statutes in New York. They are an organization which has not been designated as a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting
The financial statements of CIS have been prepared on the accrual basis of accounting, which is the process of recording revenue, public support and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation
CIS reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions, as well as activity with donor-imposed restrictions that expire within the same period that the donation is received. The Board of Trustees has established a capital reserve, which is displayed as board designated.

- *Temporarily restricted* – represents activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

- *Permanently restricted* – represents activity restricted by donors that must remain intact in perpetuity.

CIS defines operations as all activity excluding income from investments.

c. Cash and Cash Equivalents
CIS considers liquid investments that have an initial maturity of three months or less to be cash and cash equivalents. However, amounts held by the investment custodian for long term purposes are included with investments.

d. Concentration of Credit Risk

Financial instruments that potentially subject CIS to concentration of credit risk consist of cash, money market accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. Investments are subject to market fluctuations and principal is not guaranteed. At year-end and at various times during the year, CIS had material uninsured balances. CIS has not experienced any losses due to the failure of any of these institutions.

e. Pledges Receivable

CIS records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year, or at fair value using a risk adjusted discount rate of return if expected to be received after one year.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable are reviewed for collectability based upon historical experience and factors related to specific donors. Based on this evaluation, no allowance is deemed necessary. At June 30, 2018, all contributions receivable were due within one year.

f. Investments

Investments with readily available market prices are reflected at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities as non-operating activities. See Note 4 for additional information.

g. Fixed Assets

Fixed assets to which CIS retains title and that benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of leasehold improvements, furniture, equipment and computers. Depreciation is charged over the estimated useful life of the asset or lease term using the straight-line method with a one-half year convention.

h. Deferred Rent

Rent expense is recorded evenly over the life of the lease using the straight-line basis. Rent expense recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease, is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

i. Contributions

Contributions are recorded upon receipt of cash or at the time a pledge becomes unconditional in nature. Contributions restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. All other contributions are recorded as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, when a contribution has a restriction that is met in the period that the contribution is received, it is recorded as unrestricted.

j. Management Estimates
The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

k. Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CIS.

l. Summarized Comparative 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CIS's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes
CIS does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2015 and later are subject to examination by applicable taxing authorities.

n. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 18, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date that would require adjustment to or disclosure in the financial statements.

o. New Accounting Pronouncement
The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, focusses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The ASU which becomes effective for the June 30, 2020 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers.* The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2021 year, requires the full obligation of long term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

CIS is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments

Investments are stated at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that CIS has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money funds	$893,992	$0	$0	$893,992
Exchange-traded fund:				
Single currency	20,526	0	0	20,526
Mutual funds:				
Diversified emerging markets	1,310,076	0	0	1,310,076
Large blend	2,916,649	0	0	2,916,649
Real estate	109,764	0	0	109,764
Foreign large blend	2,035,458	0	0	2,035,458
Large value	2,633,701	0	0	2,633,701
Single currency	18,597	0	0	18,597
Private investments	0	0	931,411	931,411
Real estate	0	0	497,381	497,381
Total	$9,938,763	$0	$1,428,792	$11,367,555

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Money funds	$1,616,155	$0	$0	$1,616,155
Exchange-traded fund:				
Single currency	16,776	0	0	16,776
Stocks	5,004	0	0	5,004
Mutual funds:				
Diversified emerging markets	1,232,578	0	0	1,232,578
Large blend	2,550,901	0	0	2,550,901
Real estate	107,305	0	0	107,305
Foreign large blend	1,894,153	0	0	1,894,153
Large value	2,393,433	0	0	2,393,433
Single currency	17,054	0	0	17,054
Private investments	0	0	842,275	842,275
Real estate	0	0	458,519	458,519
Total	$9,833,359	$0	$1,300,794	$11,134,153

Level 1 securities are valued at the closing price reported on the active market that they are traded on.

Level 2 securities are valued using observable market inputs for securities that are similar to those owned.

The valuation of certain private investments and hedge funds as of June 30, 2018 and 2017, are reported at fair value utilizing the net asset values provided by fund managers as a practical expedient. While the net asset values utilize significant unobservable inputs (level 3), management reviews and evaluates the values provided by the fund managers and agrees with the valuation methods and assumptions used in determining the fair value. Other private investments are valued using outside appraisals conducted by third party appraisers.

Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Changes in Level 3 investments are as follows:

	6/30/18	6/30/17
Beginning balance	$1,300,794	$1,041,879
Reinvested income	0	71,474
Transfers out	0	(12,018)
Unrealized gain/(loss)	127,998	199,459
Total	$1,428,792	$1,300,794

Note 4 - Fixed Assets

Fixed assets consist of:

	6/30/18	6/30/17
Leasehold improvements	$0	$1,111,168
Computers and equipment	302,329	305,820
Furniture and fixtures	164,012	120,541
	466,341	1,537,529
Less: accumulated depreciation and amortization	(387,712)	(1,391,376)
Net fixed assets	$78,629	$146,153

Note 5 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	June 30, 2018			
	Net Assets 7/1/17	Contributions/ Other Changes	Released from Restrictions	Net Assets 6/30/18
Programs:				
Website	$30,000	$0	($30,000)	$0
Equipment & software	0	10,000	(4,021)	5,979
Total programs	30,000	10,000	(34,021)	5,979
Time restrictions	75,000	25,000	0	100,000
Endowment	131,347	32,195	(11,446)	152,096
Total	$236,347	$67,195	($45,467)	$258,075

	June 30, 2017			
	Net Assets 7/1/16	Contributions/ Other Changes	Released from Restrictions	Net Assets 6/30/17
School program	$60,000	$0	($60,000)	$0
Website	0	50,000	(20,000)	30,000
Time restrictions	150,000	0	(75,000)	75,000
Endowment	108,109	35,275	(12,037)	131,347
Total	$318,109	$85,275	($167,037)	$236,347

Note 6 - Permanently Restricted Net Assets

The endowment consists of an individual donor-restricted fund, the Karff Fund, which was established in November 1998 for the purpose of funding the Edward Lasker Memorial Prizes to be awarded by the Marshall Chess Club. The endowment includes earnings from investment gains that have not yet been appropriated by the Board of Trustees.

Interpretation of Relevant Law

CIS follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Trustees of CIS has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, CIS will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, CIS has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, CIS 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 the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor-stipulations, when endowment funds have earnings in excess of amounts that need to be retained permanently, these excess amounts are classified as temporarily restricted net assets until appropriated for expenditure by the organization's governing board. The endowment agreement specifies that the amount to be paid out from the fund each year is the lesser of the prior year's net income or 5% of the total value of the fund at the beginning of the year, if requested.

Spending Policies

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

(1) The duration and preservation of the fund;
(2) The purposes of CIS and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of CIS;
(7) The investment policies of CIS;
(8) 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 CIS.

Changes in endowment net assets are as follows:

	June 30, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$0	$131,347	$100,000	$231,347
Reinvested income	0	18,180	0	18,180
Awards	0	(11,446)	0	(11,446)
Realized gain	0	829	0	829
Unrealized gain	0	13,186	0	13,186
Endowment net assets, end of year	$0	$152,096	$100,000	$252,096

	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$0	$108,109	$100,000	$208,109
Reinvested income	0	26,243	0	26,243
Awards	0	(12,037)	0	(12,037)
Realized gain	0	751	0	751
Unrealized gain	0	8,281	0	8,281
Endowment net assets, end of year	$0	$131,347	$100,000	$231,347

Endowment Investment Policies

CIS has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends and other market value gains for future appropriation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires CIS to retain as a fund of perpetual duration. There were no such deficiencies as of June 30,

Note 7 - Commitments and Contingencies

On January 18, 2018, CIS amended its original lease and moved to new space within the same building. The lease now expires March 31, 2028.

Future minimum payments, excluding utilities and other escalations, under the lease are as follows:

Year ending:	June 30, 2019	$200,053
	June 30, 2020	205,055
	June 30, 2021	210,181
	June 30, 2022	215,436
	June 30, 2023	220,821
	Thereafter	1,105,072
Total		$2,156,618

Note 8 - Special Events

During the year ended June 30, 2018, no special fundraising event was held. The following is the breakdown of the special fundraising events for the year ended June 30, 2017:

Gross revenue	$703,801
Less: expenses with a direct benefit to donors	(35,855)
	667,946
Less: other event expenses	(31,298)
Total	$636,648

Note 9 - Employee Benefits

CIS sponsors a tax-deferred annuity plan that is qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees, who can make contributions up to the maximum statutory amount. CIS contributed approximately $12,000 and $16,000 to the plan during the years ended June 30, 2018 and June 30, 2017, respectively.

Additionally, in 1991, CIS entered into a deferred compensation agreement with a former executive director. Under the terms of that agreement, CIS pays that individual approximately $63,000 annually, representing 50% of their average salary during the 36 months prior to their retirement. As per the terms of the agreement, the deferred compensation is not funded and is paid out of operating funds.

Note 10 - Significant Concentrations

CIS receives funding from the New York City Department of Education and the New York City Department of Youth and Community Development to operate its major programs. Total funding from these two government agencies amount to 33% and 35% of total revenue for the years ended June 30, 2018 and June 30, 2017, respectively.

Approximately 53% of outstanding pledges are from one donor.