

**THE FORTUNE SOCIETY, INC. AND AFFILIATES**

**Consolidated Financial Statements  
and Supplementary Financial Information  
For the Year Ended June 30, 2015  
With Summarized Financial Information  
For the Six Months Ended June 30, 2014  
With Report of Independent Auditors**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**THE FORTUNE SOCIETY, INC. AND AFFIIATES**

Consolidated Financial Statements and

Supplementary Financial Information

For the Year Ended June 30, 2015

With Summarized Financial Information for the Six Months Ended June 30, 2014

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors and Senior Management  
The Fortune Society, Inc. and Affiliates

We have audited the accompanying consolidated financial statements of The Fortune Society, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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

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appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Fortune Society, Inc. and Affiliates as of June 30, 2015, and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### **Supplementary information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated financial statements for the six months ended June 30, 2014 were audited by other auditors whose report dated January 30, 2015 expressed an unqualified opinion on such information. The accompanying consolidating statements of financial position and activities and schedules of accounts receivable and government grants and fees are presented for purposes of additional analysis and are 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 consolidated financial statements. The information, except for that pertaining to the six months ended June 30, 2014, has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, based on our audit and the report of other auditors, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



**MITCHELL TITUS**

**Report on summarized comparative information**

The consolidated financial statements of The Fortune Society, Inc. and Affiliates for the six months ended June 30, 2014 were audited by other auditors who expressed an unmodified opinion on those statements on January 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the six months ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mitchell Titus, LLP*

November 30, 2015

**THE FORTUNE SOCIETY, INC. AND AFFILIATES**  
Consolidated Statements of Financial Position

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
		<i>(as restated)</i>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 272,999	\$ 825,992
Accounts receivable, net	5,181,986	4,968,662
Pledges receivable	1,568,184	1,281,816
Prepaid expenses and other assets	213,874	93,012
Property and equipment, net	1,073,322	1,123,768
Due from related parties	116,480	36,571
Security deposits	229,570	298,054
Investment in limited partnership	382,120	382,062
Receivable from limited partnerships	2,039,390	2,039,390
<b>Total assets</b>	<b>\$ 11,077,925</b>	<b>\$ 11,049,327</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 483,248	\$ 632,905
Accrued salaries and related expenses	341,133	70,669
Accrued vacation	424,951	455,713
Government refundable advances and reserves	373,771	628,305
Deferred rent	2,068,978	2,025,997
Bank line of credit/loans payable	1,990,000	1,945,000
Total liabilities	5,682,081	5,758,589
Commitments and contingencies		
<b>NET ASSETS</b>		
Unrestricted	3,690,789	3,341,699
Temporarily restricted	1,705,055	1,949,039
Total net assets	5,395,844	5,290,738
<b>Total liabilities and net assets</b>	<b>\$ 11,077,925</b>	<b>\$ 11,049,327</b>

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

**THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Consolidated Statement of Activities

For the Year Ended June 30, 2015

With Summarized Financial Information for the Six Months Ended June 30, 201

	2015		2014	
	Unrestricted	Temporarily Restricted	Total	Total
<b>OPERATING ACTIVITIES</b>				
Public support and revenue				
Contributions and revenue from special events	\$ 282,548	\$ -	\$ 282,548	\$ 106,976
Direct expenses from special events	(108,026)	-	(108,026)	(54,316)
Special events, net	174,522	-	174,522	52,660
Government grants and fees	20,946,583	-	20,946,583	9,567,568
Foundation grants, contributions and other	985,493	1,850,343	2,835,836	2,087,123
Other income	671,101	-	671,101	92,270
Net assets released from restrictions	2,094,327	(2,094,327)	-	-
Total public support and revenue	<u>24,872,026</u>	<u>(243,984)</u>	<u>24,628,042</u>	<u>11,799,621</u>
Expenses				
Program services	20,174,594	-	20,174,594	10,163,846
Management and general	3,801,948	-	3,801,948	1,614,655
Fundraising	503,471	-	503,471	329,679
<b>Total operating expenses</b>	<u>24,480,013</u>	<u>-</u>	<u>24,480,013</u>	<u>12,108,180</u>
Change in net assets from operations	<u>392,013</u>	<u>(243,984)</u>	<u>148,029</u>	<u>(308,559)</u>
<b>NONOPERATING ACTIVITIES</b>				
Rent expense attributable to straight-lining	(42,981)	-	(42,981)	(34,292)
Change in investment in limited partnership	58	-	58	(16)
Total nonoperating activities	<u>(42,923)</u>	<u>-</u>	<u>(42,923)</u>	<u>(34,308)</u>
Change in total net assets	349,090	(243,984)	105,106	(342,867)
Net assets, beginning of period, as restated	<u>3,341,699</u>	<u>1,949,039</u>	<u>5,290,738</u>	<u>5,633,605</u>
<b>Net assets, end of period</b>	<u><u>\$ 3,690,789</u></u>	<u><u>\$ 1,705,055</u></u>	<u><u>\$ 5,395,844</u></u>	<u><u>\$ 5,290,738</u></u>

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

**THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2015

With Summarized Financial Information for the Six Months Ended June 30, 2014

	2015					Total Program Services	Support Services			Total	2014 Total
	Employment and Education Services	Housing Services	Alternatives to Incarceration	Licensed Behavioral Health Services	Public Policy and Other Programs		Management and General	Fund- Raising	Total Support Services		
Salaries	\$ 2,216,366	\$ 2,425,686	\$ 1,734,476	\$ 1,651,019	\$ 2,539,935	\$ 10,567,482	\$ 1,945,497	\$ 286,065	\$ 2,231,562	\$ 12,799,044	\$ 6,357,782
Payroll taxes and fringe benefits	616,505	674,520	482,313	459,105	706,364	2,938,807	546,904	79,571	626,475	3,565,282	1,707,143
Total personnel costs	2,832,871	3,100,206	2,216,789	2,110,124	3,246,299	13,506,289	2,492,401	365,636	2,858,037	16,364,326	8,064,925
Professional fees	383,630	57,558	73,099	153,631	173,217	841,135	174,866	55,105	229,971	1,071,106	587,482
Supplies, materials, printing, stationery and other	56,195	98,401	57,081	69,468	72,001	353,146	41,202	40,933	82,135	435,281	342,439
Staff training/conferences, activities	7,761	16,443	6,372	5,401	16,988	52,965	65,511	2,161	67,672	120,637	64,200
Client travel	218,751	34,885	59,636	118,262	72,377	503,911	-	-	-	503,911	281,397
Client rent	-	1,726,919	800	-	34,823	1,762,542	-	-	-	1,762,542	391,628
Client food, activities and other	31,429	118,385	23,197	53,018	23,687	249,716	-	-	-	249,716	369,185
Client stipends and incentives	191,860	88,140	59,835	16,467	30,727	387,029	-	-	-	387,029	227,045
Telephone	8,604	16,779	13,499	12,038	12,580	63,500	9,648	539	10,187	73,687	90,011
Occupancy	458,056	192,293	418,138	380,626	378,615	1,827,728	363,149	25,741	388,890	2,216,618	1,226,338
Internet and information technology services	39,938	45,119	39,792	43,124	54,561	222,534	96,607	6,573	103,180	325,714	145,532
Expensed furniture and equipment	37,760	55,837	41,650	34,210	65,079	234,536	38,315	4,177	42,492	277,028	68,243
Interest and bank fees	-	-	-	-	-	-	76,187	-	76,187	76,187	31,544
Bad debts	-	-	-	-	-	-	95,618	-	95,618	95,618	1,840
Insurance	44,343	13,208	39,049	36,960	36,003	169,563	40,588	2,606	43,194	212,757	76,183
Depreciation and amortization	-	-	-	-	-	-	307,856	-	307,856	307,856	140,188
<b>Total expenses</b>	<b>\$ 4,311,198</b>	<b>\$ 5,564,173</b>	<b>\$ 3,048,937</b>	<b>\$ 3,033,329</b>	<b>\$ 4,216,957</b>	<b>\$ 20,174,594</b>	<b>\$ 3,801,948</b>	<b>\$ 503,471</b>	<b>\$ 4,305,419</b>	<b>\$ 24,480,013</b>	<b>\$ 12,108,180</b>

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



**THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Consolidated Statements of Cash Flows

For the Year Ended June 30, 2015

and the Six Months Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 105,106	\$ (342,867)
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Unrealized (gain) loss on investment in limited partnership	(58)	16
Depreciation and amortization	307,856	140,186
Bad debts	95,618	1,840
Deferred rent	42,981	34,292
Contribution related to forgiveness of loan payable	(25,000)	-
Changes in operating assets and liabilities		
(Increase) or decrease in assets		
Accounts receivable	(308,942)	881,300
Pledges receivable	(286,368)	(44,732)
Prepaid expenses and other assets	(120,862)	172,815
Due from related parties	(79,909)	304,647
Security deposits	68,484	-
(Decrease) or increase in liabilities		
Accounts payable and accrued expenses	(149,657)	(276,813)
Accrued salaries and related expenses	270,464	41,452
Accrued vacation	(30,762)	70,344
Government refundable advances and reserves	(254,534)	(564,670)
Net cash (used in) provided by operating activities	<u>(365,583)</u>	<u>417,810</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(257,410)</u>	<u>(288,446)</u>
Net cash used in investing activities	<u>(257,410)</u>	<u>(288,446)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayments of bank line of credit/loans	(1,795,000)	(100,000)
Proceeds from bank line of credit/loans	<u>1,865,000</u>	<u>500,000</u>
Net cash provided by financing activities	<u>70,000</u>	<u>400,000</u>
Net (decrease) increase in cash and cash equivalents	(552,993)	529,364
Cash and cash equivalents, beginning of period	<u>825,992</u>	<u>296,628</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 272,999</u>	<u>\$ 825,992</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
<b>Cash paid during the year for interest</b>	<u>\$ 30,313</u>	<u>\$ 31,554</u>

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

## **THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### **NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES**

The accompanying consolidated financial statements include the accounts of the Fortune Society, Inc. ("FSI"), Fortune GP, Inc. ("GP") and the Fortune Housing Development Fund Corporation ("HDFC"), collectively referred to as Fortune.

FSI, founded in 1967 and incorporated in New York State, educates the public about prisons, criminal justice issues and the root causes of crime through a broad array of services including education and counseling which helps ex-offenders and young people break the cycle of repeated crime and incarceration. Fortune receives most of its support from Federal, New York State and New York City governmental sources.

GP was formed in 2000 pursuant to the Business Corporation Law of the State of New York and serves as the general partner in Fortune L.P. (see Note 10). GP's capital stock is owned by HDFC.

HDFC was formed in 2000 pursuant to the Private Housing Finance Law and the Not-for-Profit Corporation Law, both of the State of New York. The sole member of HDFC is FSI.

During 2008, Fortune West 140<sup>th</sup> Street Housing Development Fund Corporation ("WHDFC") was formed pursuant to the Private Housing Finance Law and the Not-for-Profit Corporation Law, both of the State of New York. The sole member of the WHDFC is FSI.

During 2008, Fortune West 140<sup>th</sup> Street G.P., Inc. ("West GP") was formed pursuant to the Business Corporation Law of the State of New York and serves as the general partner to 625 West 140<sup>th</sup> Street L.P. ("West L.P.") (see Note 10). WHDFC owns 75% of West G.P. and Harlem Congregations for Community Improvement, Inc. ("HCCI"), a New York not-for-profit corporation, owns the other 25% of West G.P.

The accounts of WHDFC, including its interests in West G.P., are immaterial to the accompanying consolidated financial statements and are, therefore, not included.

## **THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### **NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of Presentation

Fortune prepares its consolidated financial statements using the accrual basis of accounting. Fortune adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant inter-company transactions have been eliminated during the consolidation.

#### Net Asset Classifications

Fortune's unrestricted net assets are resources available for support of its operations over which the Board has discretionary control. Temporarily restricted net assets are assets that are subject to donor-imposed stipulations. When a restriction expires (that is, when a stipulated time restriction expires or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Fortune accounts for temporarily restricted contributions received, for which the donor-restricted purposes are met in the same period, in the unrestricted net asset class. Fortune does not imply a time restriction that expires over the useful life of donated long-lived assets if the donors do not stipulate how long the donated assets must be used.

#### Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments purchased with maturities of 90 days or less.

#### Property and Equipment

Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Fortune capitalizes property and equipment with a cost of \$5,000 or more and a useful life greater than one year. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lease term or the useful life of the asset, whichever is less. Purchases of equipment, reimbursed by governmental funding sources, and where the contractual agreement has specified that title to these items rests with the government funding sources, have been capitalized. Management believes this is realistic since the funding sources historically have not reclaimed these purchases.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and  
the Six Months Ended June 30, 2014

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Investment in Limited Partnership

The investment in Fortune L.P. is accounted for under the equity method of accounting under which Fortune's share of net income or loss is recognized in the consolidated statement of activities and added to or subtracted from the investment account. Capital contributions made are treated as an addition to the investment account, and distributions received are treated as a reduction to the investment account. There were no capital contributions or distributions during the year ended June 30, 2015 or the six months ended June 30, 2014.

#### Support and Revenue and Accounts Receivable

The Organization recognizes revenue on its government grants and contracts when eligible costs to be reimbursed are incurred and claimed in compliance with the grantors' requirements or when performance requirements stipulated in the grants and contracts are achieved and related amounts are claimed by Fortune. Under certain government grants and contracts, Fortune is reimbursed based on units of service multiplied by an established billing rate. Such rates are subject to change and adjustment on the basis of review by the government agencies responsible for such funding.

Government refundable advances and reserves represent advances received for future services, and estimates of potential audit disallowances.

Accounts receivable are reported at outstanding uncollected balances, reduced by an allowance for doubtful accounts. As of June 30, 2015 and 2014, Fortune determined that an allowance for uncollectible accounts was necessary in the amount of \$71,332 and \$61,242, respectively, for accounts receivable. The determination is based on Fortune's historical loss experience and considering the age of its receivables. Fortune has not historically experienced significant bad debts given the nature of the underlying receivables which are mainly from government sources.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Support and Revenue and Accounts Receivable *(continued)*

Fortune records as revenue the following types of contributions when they are received unconditionally: cash, promises to give and in-kind contributions. Promises to give and in-kind contributions are recorded at their fair values. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Bequests are recorded as income when the sum is certain, the will has passed through probate and any potential challenges are deemed insignificant. Donated securities are recorded at their fair market value on the date received using an average of the high or low price on the date received.

#### In-kind Contributions

Donated services are recognized as revenue and expense in the consolidated financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. For the year ended June 30, 2015 and the six months ended June 30, 2014, Fortune did not receive any donated goods and services.

#### Expense Allocation

Because Fortune is a multi-program/multi-funded organization, certain costs have been allocated between functional and supporting programs as determined by management.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and disclosures. Actual amounts, as determined at a later date, could differ from those estimates.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Operating Lease

Fortune leases its Long Island City office and the lease agreement contains scheduled future rent increases. U.S. GAAP requires that long-term leases, with scheduled rent increases, be accounted for by accelerating the impact of the future increases into the current periods, thereby smoothing the effects of the future increases in costs. This accounting treatment is commonly referred to as “straight-lining of rent”. The difference between rent expense, under this method, and the lower rental amounts actually paid to the landlord is reported as a “deferred rent” obligation in the accompanying consolidated statements of financial position. The change in the deferred rent liability is reflected as a non-operating item in the accompanying consolidated statement of activities. During the year ended June 30, 2015 and the six months ended June 30, 2014, Fortune recorded an adjustment to rent expense to reflect its straight-line policy that amounted to approximately \$43,000 and \$34,000, respectively, as an increase in expense.

#### Reclassifications

Certain line items in the prior year consolidated financial statements have been reclassified to conform to the current year presentation.

#### 2014 Summarized Financial Information

The consolidated 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Fortune’s consolidated financial statements for the six months ended June 30, 2014, from which the summarized information was derived.

### NOTE 3 CONCENTRATIONS

Fortune receives major funding primarily from government sources to provide program services. Such funding approximated 85% and 81% of total public support and revenue for the year ended June 30, 2015 and the six months ended June 30, 2014, respectively. Accounts receivable is mostly from government sources, which, net of allowances, amounted to \$5,149,635 and \$4,880,975 as of June 30, 2015 and June 30, 2014, respectively.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 3 CONCENTRATIONS *(continued)*

Fortune maintains its cash and cash equivalents balances at two financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, balances may exceed the insured limit.

### NOTE 4 PLEDGES RECEIVABLE

Fortune's pledges receivable consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Amounts due in		
One year or less	\$ 1,507,184	\$ 1,090,206
One year to five years	61,000	191,610
	<u>\$ 1,568,184</u>	<u>\$ 1,281,816</u>

### NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 840,693	\$ 698,946	8-15 years
Office equipment and furniture	1,441,600	1,325,937	5-10 years
Vehicles	248,587	248,587	5 years
Total cost	2,530,880	2,273,470	
Less: Accumulated depreciation and amortization	<u>(1,457,558)</u>	<u>(1,149,702)</u>	
	<u>\$1,073,322</u>	<u>\$1,123,768</u>	

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 5 PROPERTY AND EQUIPMENT *(continued)*

Depreciation and amortization expense amounted to \$307,856 and \$140,186 for the year ended June 30, 2015 and the six months ended June 30, 2014, respectively.

### NOTE 6 BANK LINE OF CREDIT/LOANS PAYABLE

The bank line of credit/loans payable consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Interest Rate</u>	<u>Due Date</u>
Bank line of credit expiring on December 31, 2015. The maximum borrowing is \$3,000,000. There is a "cleanup" requirement to bring this line to an amount not greater than \$750,000 once a year for a 30 day period. Borrowings are secured by all of Fortune's accounts receivable and other assets. As of June 30, 2015 and 2014, the prime rate recognized by most major banking institutions was 3.25%.	\$1,965,000	\$1,895,000	Prime + 0.5%	December 31, 2015
Foundation Note.	25,000	25,000	0%	(*)
Loan from past Board member. Unsecured with no interest.	-	25,000	0%	Demand
	<u>\$1,990,000</u>	<u>\$1,945,000</u>		

(\*) During the year ended December 31, 2013, Fortune received a \$225,000 conditional commitment from a foundation through its Supportive Housing Acquisition and Rehabilitation Effort ("SHARE") program to provide support toward the pre-development and development of Fortune's new construction project(s). This commitment of \$225,000 consists of both a conditional grant amounting to \$150,000 and a \$75,000 interest-free loan. As of June 30, 2015 and 2014, Fortune received \$75,000 which consisted of a contribution amounting to \$50,000 and an interest free loan of \$25,000. The loan is not collateralized and is to be repaid in three annual installments commencing on May 31, 2016. As of June 30, 2015 and 2014, the loan amounted to \$25,000.



## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 7 COMMITMENTS AND CONTINGENCIES

Pursuant to Fortune's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of Fortune involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

Fortune leases office space in Long Island City, New York under an operating lease agreement that expires in February 2023. Fortune is obligated for the following future annual rentals for the fiscal years ended after June 30, 2015:

2016	\$ 1,609,000
2017	1,649,000
2018	1,755,000
2019	1,929,000
2020	1,977,000
Thereafter	<u>5,513,000</u>
	<u>\$ 14,432,000</u>

Rent expense for the year ended June 30, 2015 and the six months ended June 30, 2014 amounted to \$1,569,689 and \$908,059, respectively, and is included in occupancy expense in the accompanying consolidated financial statements. In addition, Fortune leases various equipment items and residential properties that are not long term in nature.

### NOTE 8 INCOME TAXES

FSI, HDFC and WHDFC have been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and have been classified as organizations that are not private foundations.

FSI, HDFC and WHDFC are also exempt from state and local income taxes. These entities therefore have made no provision for Federal, state and local income taxes in the accompanying consolidated financial statements.

## **THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### **NOTE 8 INCOME TAXES** *(continued)*

FSI, HDFC and WHDFC file annual informational returns and GP and West GP file annual income tax returns with the Internal Revenue Service.

At both June 30, 2015 and 2014, GP has net operating loss carryforwards of approximately \$177,000, expiring through 2028. GP has a deferred tax asset of approximately \$60,000 related to the utilization of the net operating loss carryforwards. A valuation allowance of an equal amount was provided as of June 30, 2015 and 2014 due to uncertainty related to the realization of the deferred tax assets.

All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. There are no uncertain tax positions that require recognition in the accompanying financial statements or further disclosure in the notes to the financial statements. Management believes that Fortune is no longer subject to federal or state and local income tax examinations by tax authorities for years prior to 2011.

### **NOTE 9 PENSION PLAN**

Fortune has a qualified defined contribution pension plan covering all eligible full-time employees. Fortune is required to match employee contributions in accordance with the pension plan agreement. Fortune's maximum contribution is \$1,500 per year per employee. Pension expense for the year ended June 30, 2015 and the six months ended June 30, 2014 amounted to \$127,500 and \$59,500, respectively.

### **NOTE 10 INVESTMENT IN LIMITED PARTNERSHIPS**

*Fortune, L.P.*

During 2000, Fortune invested in Fortune L.P. (a limited partnership formed under the laws of the State of New York) for the purpose of constructing and operating a rental housing project. Fortune L.P. operates a 34-unit rental housing project for formerly incarcerated low-income individuals located at 630 Riverside Drive in New York City.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 10 INVESTMENT IN LIMITED PARTNERSHIPS *(continued)*

#### *Fortune, L.P. (continued)*

GP is the general partner of Fortune L.P. and has a .01% interest in Fortune L.P. GP transferred real property (net of a mortgage) in satisfaction of its capital contribution obligation. GP's investment interest in Fortune L.P. is reflected as an investment in limited partnership in the accompanying consolidated statements of financial position. The change in investment in limited partnership for the year ended June 30, 2015 and the six months ended June 30, 2014 amounted to an increase of \$58 and a decrease of \$16, respectively, and is reflected in the accompanying consolidated statement of activities as part of non-operating activities.

As of June 30, 2015 and June 30, 2014, Fortune L.P.'s total assets amounted to \$5,687,057 and \$5,876,464, respectively, and its liabilities totaled \$5,807,430 and \$5,647,332, respectively. For the year ended June 30, 2015 and the six months ended June 30, 2014, Fortune L.P. had a net loss of \$349,505 and \$163,358, respectively.

Fortune L.P.'s partnership agreement provides for various obligations and/or guarantees by FSI and/or GP. Effective July 31, 2000, Fortune L.P. entered into an agreement with FSI and GP whereby FSI has agreed to advance funds to GP to cover operating deficit cash shortfalls. The obligation of FSI to advance funds to GP to fund the operating deficit guaranty is limited to \$500,000 and the guaranty period terminates at the end of the tax credit compliance period in 2016. As of June 30, 2015 and 2014, a balance of \$500,000 remains, which is to be advanced should Fortune LP experience future operating losses. During the year ended June 30, 2015 and the six months ended June 30, 2014, there were no advances made by FSI and no contributions were made by GP under this operating deficit guaranty arrangement.

#### *625 West 140<sup>th</sup> Street, L.P.*

During December 2008, Fortune invested in West L.P. (a limited partnership formed under the laws of the state of New York) for the purpose of acquiring, developing and operating a mixed-unit project consisting of 114 residential units, and a related community facility, all of which will be rented to low income individuals and families. West L.P. acquired land from FSI for the project. As described in Note 1, FSI is the sole member of WHDFC, which owns 75% of the equity of West G.P. West G.P. is the general partner of West L.P. West G.P. has a .01% financial interest in West L.P. West G.P.'s capital contribution obligation was \$10. As of June 30, 2015 and 2014, West G.P.'s investment in West L.P. is deemed immaterial to the accompanying consolidated financial statements.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 10 INVESTMENT IN LIMITED PARTNERSHIPS *(continued)*

#### *625 West 140<sup>th</sup> Street, L.P. (continued)*

West L.P.'s partnership agreement provides for various obligations and/or guarantees by FSI and/or West G.P. Effective December 23, 2008, the partnership established a guaranty reserve, which is limited to \$375,000, for the purpose of funding any operating deficits. The guaranty reserve funds are held by West L.P. As of June 30, 2015 and 2014, no amounts have been withdrawn from the guaranty reserve by the partnership to fund any operating deficits.

On December 23, 2008, FSI executed two promissory notes with West L.P. in the amounts of \$1,500,000 and \$539,390, and, during 2009, advanced the sum total of the two amounting to \$2,039,390 to West L.P. The underlying \$2,039,390 was received from four funders and is considered grants by those funders with certain stipulations that the property be used for mission based activities for not less than fifteen years from the date the certificate of occupancy is issued, as prescribed in the grant agreements between those funders and FSI. If the property is used according to the stipulations, the grants are not repayable to the funders. The property is expected to be used for mission based activities in accordance with these stipulations and the grant funding was therefore reflected in the unrestricted net asset class. The promissory notes that FSI executed with West L.P. are not self-amortizing, and are secured by mortgages on the property located at 625 West 140<sup>th</sup> Street in New York City. The notes call for repayment of principal and accrued interest (at the rate of .5% per annum) by the 33<sup>rd</sup> anniversary of the dates of the promissory notes which is December 2041. One of underlying grants that FSI received was loaned to West L.P. in the amount of \$1,500,000. Under the terms of the grant to FSI, if a loan is made and interest is charged, any interest received by FSI must be remitted to the funder. No principal or interest was paid by West L.P. to FSI during the year ended June 30, 2015 and the six months ended June 30, 2014. It is at least reasonably possible that some or all of the underlying assumptions related to collectability of the notes might change over time, which could have a material impact in FSI's ability to collect the full amount due. At June 30, 2015 and 2014, management considers the note receivable balance to be fully collectible.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 10 INVESTMENT IN LIMITED PARTNERSHIPS *(continued)*

*625 West 140<sup>th</sup> Street, L.P. (continued)*

During April 2010, FSI entered a shareholders' agreement with Harlem Congregations for Community Improvement, Inc. ("HCCI") making FSI a 25% shareholder in Erbograph Housing Lending Corp ("EHLC"), a New York corporation. EHLC, established by HCCI, receives capital contributions from HCCI in the form of loans. The capital contributions are funded from proceeds HCCI receives from Housing and Urban Development ("HUD") and other grants. EHLC, in turn, loans these funds to a limited partnership formed by HCCI for the purpose of developing a 65 unit low income housing building for seniors. FSI has no ownership interest in the limited partnership.

FSI contributed \$100 of capital to EHLC and there will be no further value ascribed to FSI's interest in EHLC under the terms of the shareholders' agreement.

### NOTE 11 RELATED-PARTY TRANSACTIONS

As of June 30, 2015, Fortune L.P. owed FSI \$108,836, representing operating costs paid by FSI. Other amounts included in due from related parties at June 30, 2015 are primarily due from West HDFC and West G.P. As of June 30, 2014, West L.P. owed FSI \$36,571, representing operating costs paid by FSI.

Social service fees of approximately \$400,000 from West L.P. for the year ended June 30, 2015 are reflected in other income in the accompanying consolidated statement of activities for the year ended June 30, 2015.

There were no such fees for the six months ended June 30, 2014.

### NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Time and purpose restricted pledges	\$1,223,937	\$1,738,932
Purpose restricted	481,118	825,297
	<u>\$1,705,055</u>	<u>\$2,564,229</u>

## **THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### **NOTE 12      TEMPORARILY RESTRICTED NET ASSETS** *(continued)*

Temporarily restricted net assets of \$2,094,327 were released from restrictions for the year ended June 30, 2015 as a result of donor-imposed purpose restrictions being accomplished.

At January 1, 2014, Fortune reclassified \$615,190 of funds from temporarily restricted net assets to unrestricted net assets as the related donor purpose restrictions were satisfied in a prior year and restated net assets as of that date.

### **NOTE 13      CHANGE IN NET ASSETS**

Under U.S. GAAP, nonprofit organizations are required to reflect contribution revenue in the year received or pledged despite the fact that, at times, certain of these contributions are purpose restricted and the expenditures to accomplish the purpose do not occur until a subsequent period. It is this accounting methodology that can cause a significant increase in the total revenue in the first year, and, accordingly an increase in the change in total net assets. In the second year, if the expenditures are made, the total expense will show an increase over the prior year, and, accordingly, a decrease in the change in total net assets.

In addition, Fortune recognizes its rent expense based on straight-lining of rent, as described in Note 2, which resulted in higher rent expense under U.S. GAAP than what the actual cash outlay to the landlord is by approximately \$43,000 and \$34,000 for the year ended June 30, 2015 and the six months ended June 30, 2014, respectively. This impact will reverse in future years.

Further, Fortune has several performance based contracts from various governmental funding sources. Revenue on these contracts is based on milestones achieved pursuant to the contract stipulations as opposed to cost reimbursement. Since costs associated with these contracts are not necessarily linear in relationship to the revenue recognized, surpluses or losses are likely to occur unevenly between years.

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### NOTE 14 FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

*Level 2* - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables summarize the valuation of Fortune's financial instruments (cash equivalents and interest-bearing cash balances) within the valuation hierarchy prescribed by ASC 820, as of June 30, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
Cash equivalents and interest-bearing cash	\$ 222,487	\$ -	\$ -	\$ 222,487

  

	2014			
	Level 1	Level 2	Level 3	Total
Cash equivalents and interest-bearing cash	\$ 794,468	\$ -	\$ -	\$ 794,468

## **THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Notes to Consolidated Financial Statements

For the Year Ended June 30, 2015 and

the Six Months Ended June 30, 2014

### **NOTE 15      SUBSEQUENT EVENTS**

Fortune has evaluated events and transactions occurring between July 1, 2015 and November 30, 2015, which is the date that the consolidated financial statements were available to be issued, for disclosure and recognition in the consolidated financial statements. There were no events or transactions during the subsequent event period requiring disclosure or recognition in the financial statements.



**THE FORTUNE SOCIETY, INC. AND AFFILIATES**  
Consolidating Statements of Financial Position  
As of June 30, 2015 and 2014

	June 30, 2015				June 30, 2014					
	Fortune Society	Fortune HDFC	Fortune G.P.	Eliminations	Consolidated Total 2015	Fortune Society <i>as restated</i>	Fortune HDFC	Fortune G.P.	Eliminations	Consolidated Total 2014 <i>(as restated)</i>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 272,999	\$ -	\$ -	\$ -	\$ 272,999	\$ 825,992	\$ -	\$ -	\$ -	\$ 825,992
Accounts receivable, net	5,181,986	-	-	-	5,181,986	4,968,662	-	-	-	4,968,662
Pledges receivable	1,568,184	-	-	-	1,568,184	1,281,816	-	-	-	1,281,816
Prepaid expenses and other assets	213,874	-	-	-	213,874	93,012	-	-	-	93,012
Property and equipment, net	1,073,322	-	-	-	1,073,322	1,123,768	-	-	-	1,123,768
Due from related party (West L.P. and Fortune L.P.)	82,439	-	34,041	-	116,480	-	-	36,571	-	36,571
Due from related party (Fortune G.P.)	167,000	-	-	(167,000)	-	167,000	-	-	(167,000)	-
Security deposits	229,570	-	-	-	229,570	298,054	-	-	-	298,054
Investment in Fortune G.P.	-	84,795	-	(84,795)	-	-	84,795	-	(84,795)	-
Investment in Fortune L.P.	-	-	382,120	-	382,120	-	-	382,062	-	382,062
Receivable from limited partnerships	2,039,390	-	-	-	2,039,390	2,039,390	-	-	-	2,039,390
<b>Total assets</b>	<b>\$ 10,828,764</b>	<b>\$ 84,795</b>	<b>\$ 416,161</b>	<b>\$ (251,795)</b>	<b>\$ 11,077,925</b>	<b>\$ 10,797,694</b>	<b>\$ 84,795</b>	<b>\$ 418,633</b>	<b>\$ (251,795)</b>	<b>\$ 11,049,327</b>
<b>LIABILITIES</b>										
Accounts payable and accrued expenses	\$ 483,248	\$ -	\$ -	\$ -	\$ 483,248	\$ 632,905	\$ -	\$ -	\$ -	\$ 632,905
Accrued salaries and related expenses	341,133	-	-	-	341,133	70,669	-	-	-	70,669
Accrued vacation	424,951	-	-	-	424,951	455,713	-	-	-	455,713
Government refundable advances	373,771	-	-	-	373,771	628,305	-	-	-	628,305
Due to related party (Fortune Society)	-	-	167,000	(167,000)	-	-	-	167,000	(167,000)	-
Deferred rent	2,068,978	-	-	-	2,068,978	2,025,997	-	-	-	2,025,997
Bank line of credit/loans payable	1,990,000	-	-	-	1,990,000	1,945,000	-	-	-	1,945,000
<b>Total liabilities</b>	<b>5,682,081</b>	<b>-</b>	<b>167,000</b>	<b>(167,000)</b>	<b>5,682,081</b>	<b>5,758,589</b>	<b>-</b>	<b>167,000</b>	<b>(167,000)</b>	<b>5,758,589</b>
<b>NET ASSETS</b>										
Unrestricted	3,441,628	84,795	164,366	-	3,690,789	3,090,066	84,795	166,838	-	3,341,699
Temporarily restricted	1,705,055	-	-	-	1,705,055	1,949,039	-	-	-	1,949,039
Common stock	-	-	100	(100)	-	-	-	100	(100)	-
Additional paid-in capital	-	-	84,695	(84,695)	-	-	-	84,695	(84,695)	-
<b>Total net assets</b>	<b>5,146,683</b>	<b>84,795</b>	<b>249,161</b>	<b>(84,795)</b>	<b>5,395,844</b>	<b>5,039,105</b>	<b>84,795</b>	<b>251,633</b>	<b>(84,795)</b>	<b>5,290,738</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,828,764</b>	<b>\$ 84,795</b>	<b>\$ 416,161</b>	<b>\$ (251,795)</b>	<b>\$ 11,077,925</b>	<b>\$ 10,797,694</b>	<b>\$ 84,795</b>	<b>\$ 418,633</b>	<b>\$ (251,795)</b>	<b>\$ 11,049,327</b>

**THE FORTUNE SOCIETY, INC. AND AFFILIATES**

Consolidating Statements of Activities

For the Year Ended June 30, 2015 and the Six Months Ended June 30, 2014

	Year Ended June 30, 2015				Six Months Ended June 30, 2014					
	Fortune Society	Fortune HDFC	Fortune G.P.	Eliminations	Consolidated Total 2015	Fortune Society	Fortune HDFC	Fortune G.P.	Eliminations	Consolidated Total 2014
<b>OPERATING ACTIVITIES</b>										
Public support and revenue										
Contributions and revenue from special events	\$ 282,548	\$ -	\$ -	\$ -	\$ 282,548	\$ 106,976	\$ -	\$ -	\$ -	\$ 106,976
Direct expenses from special events	(108,026)	-	-	-	(108,026)	(54,316)	-	-	-	(54,316)
Special events, net	174,522	-	-	-	174,522	52,660	-	-	-	52,660
Government grants and fees	20,946,583	-	-	-	20,946,583	9,567,568	-	-	-	9,567,568
Foundation grants, contributions and other	2,835,836	-	-	-	2,835,836	2,087,123	-	-	-	2,087,123
Other income	671,101	-	-	-	671,101	92,270	-	-	-	92,270
Total public support and revenue	24,628,042	-	-	-	24,628,042	11,799,621	-	-	-	11,799,621
<b>EXPENSES</b>										
Program services	20,174,594	-	-	-	20,174,594	10,163,846	-	-	-	10,163,846
Management and general	3,799,418	-	2,530	-	3,801,948	1,614,655	-	-	-	1,614,655
Fundraising	503,471	-	-	-	503,471	329,679	-	-	-	329,679
Total operating expenses	24,477,483	-	2,530	-	24,480,013	12,108,180	-	-	-	12,108,180
Change in net assets from operations	150,559	-	(2,530)	-	148,029	(308,559)	-	-	-	(308,559)
<b>NONOPERATING ACTIVITIES</b>										
Rent expense attributable to straight-lining	(42,981)	-	-	-	(42,981)	(34,292)	-	-	-	(34,292)
Change in investment in limited partnership	-	-	58	-	58	-	-	(16)	-	(16)
Total nonoperating activities	(42,981)	-	58	-	(42,923)	(34,292)	-	(16)	-	(34,308)
Change in total net assets	107,578	-	(2,472)	-	105,106	(342,851)	-	(16)	-	(342,867)
Net assets, beginning of period, as restated	5,039,105	84,795	251,633	(84,795)	5,290,738	5,381,956	84,795	251,649	(84,795)	5,633,605
<b>Net assets, end of period</b>	<b>\$ 5,146,683</b>	<b>\$ 84,795</b>	<b>\$ 249,161</b>	<b>\$ (84,795)</b>	<b>\$ 5,395,844</b>	<b>\$ 5,039,105</b>	<b>\$ 84,795</b>	<b>\$ 251,633</b>	<b>\$ (84,795)</b>	<b>\$ 5,290,738</b>

## THE FORTUNE SOCIETY, INC. AND AFFILIATES

### Schedules of Accounts Receivable

	<b>June 30,</b>	
	<b>2015</b>	<b>2014</b>
NYC Department of Corrections	\$ 1,526,820	\$ 393,280
NYC Mayor's Office of Criminal Justice	1,029,843	200,100
Public Health Solutions	444,813	80,693
NYS Division of Criminal Justice Services	329,947	736,135
NYS Office of Alcoholism and Substance Abuse Services	283,561	-
NYC Department of Health and Mental Hygiene	235,016	1,016,513
NYS Department of Health	216,025	-
New York State Office of Temporary Disability Assistance	210,495	246,255
Medicaid	181,897	162,278
NYC Department of Probation	159,354	167,865
U.S. Department of Housing and Urban Development	157,162	224,416
U.S. Department of Health and Human Services	154,469	90,559
New York City Human Resources Administration	81,704	81,505
NYC Department of Youth and Community Development	49,222	17,106
NYC Office of the Criminal Justice Coordinator	-	362,176
U.S. Department of Housing and Urban Development - Shelter Plus Care	-	295,513
City of New York - New York City Council	-	139
Other receivables	192,990	955,371
<b>Accounts receivable, before allowance for doubtful accounts</b>	<b>5,253,318</b>	<b>5,029,904</b>
Less: allowance for doubtful accounts	(71,332)	(61,242)
<b>Accounts receivable, net</b>	<b>\$ 5,181,986</b>	<b>\$ 4,968,662</b>

**THE FORTUNE SOCIETY, INC. AND AFFILIATES**

## Schedules of Government Grants and Fees

For the Year Ended June 30, 2015 and the Six Months Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
NYC Mayor's Office of Criminal Justice	\$ 3,933,624	\$ -
NYC Department of Corrections	2,712,410	1,013,120
NYS Office of Alcoholism and Substance Abuse Services	2,209,743	681,283
U.S. Department of Health and Human Services	2,016,308	959,826
NYC Department of Health and Mental Hygiene	1,737,833	856,577
NYS Division of Criminal Justice Services	1,632,191	752,080
Public Health Solutions	1,243,494	371,431
U.S. Department of Housing and Urban Development	753,792	764,745
New York State Office of Temporary Disability Assistance	606,815	303,099
NYC Department of Youth and Community Development	587,156	265,196
NYC Department of Probation	584,755	243,051
NYS Department of Health	322,804	103,642
New York City Human Resources Administration	273,576	53,314
NYS Education Department	245,460	136,816
U.S. Department of Labor	234,763	311,640
Health Research Incorporated	178,563	110,431
U.S. Environmental Protection Agency	56,802	85,715
City of New York - New York City Council	2,900	200,099
NYC Office of the Criminal Justice Coordinator	-	1,881,647
Other	(136,216)	-
<b>Total government grants</b>	<u>19,196,773</u>	<u>9,093,712</u>
Medicaid	1,749,810	473,856
<b>Total government grants and fees</b>	<u>\$ 20,946,583</u>	<u>\$ 9,567,568</u>

