**CENTER FOR FAMILY LIFE
AND RECOVERY, INC.**

**Financial Statements as of
December 31, 2014
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

March 25, 2015

To the Board of Directors of
Center for Family Life and Recovery, Inc.:

Report on the Financial Statements
We have audited the accompanying financial statements of Center for Family Life and Recovery, Inc. (a New York State nonprofit organization) which comprise the statement of financial position as of December 31, 2014 and the related statements of activities and changes in net assets, 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 entity's prepatation 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 Center for Family Life and Recovery, Inc. as of December 31, 2014, 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.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Summarized Comparative Totals
We have previously audited Center for Family Life and Recovery, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bonadio & Co., LLP

CENTER FOR FAMILY LIFE AND RECOVERY, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
(With Comparative Totals for 2013)

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 233,183	$ 182,539
Accounts and grants receivable, net of allowance	236,939	244,275
Prepaid expenses	17,237	10,432
Total current assets	487,359	437,246
PROPERTY AND EQUIPMENT, net	47,436	65,089
INVESTMENTS	292,583	283,972
Total assets	$ 827,378	$ 786,307
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 14,791	$ 22,250
Accrued expenses	71,671	54,574
Advanced deficit funding	-	8,413
Compensated absences	5,312	8,219
Total current liabilities	91,774	93,456
NET ASSETS:		
Unrestricted	567,772	553,693
Temporarily restricted	145,782	117,108
Permanently restricted	22,050	22,050
Total net assets	735,604	692,851
Total liabilities and net assets	$ 827,378	$ 786,307

The accompanying notes are an integral part of these statements.

CENTER FOR FAMILY LIFE AND RECOVERY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals for 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds 2014	Total All Funds 2013
SUPPORT AND REVENUE:					
Government fees and grants	$ 1,527,451	$ -	$ -	$ 1,527,451	$ 1,564,618
Contributions - Donor	9,459	45,000	-	54,459	14,527
Contribution - Compeer	-	-	-	-	77,138
Special events	32,124	-	-	32,124	31,414
United Way allocations	52,372	15,872	-	68,244	70,629
Investment income	10,496	4,046	-	14,542	44,125
Program service fees	298,253	-	-	298,253	356,536
Miscellaneous income	18,448	-	-	18,448	7,589
Net assets released from restrictions	36,244	(36,244)	-	-	-
Total support and revenue	1,984,847	28,674	-	2,013,521	2,166,576
EXPENSES:					
Program services	1,684,064	-	-	1,684,064	1,706,495
Management and general	252,724	-	-	252,724	293,551
Fundraising	33,980	-	-	33,980	33,210
Total expenses	1,970,768	-	-	1,970,768	2,033,256
CHANGE IN NET ASSETS	14,079	28,674	-	42,753	133,320
NET ASSETS - beginning of year	553,693	117,108	22,050	692,851	559,531
NET ASSETS - end of the year	$ 567,772	$ 145,782	$ 22,050	$ 735,604	$ 692,851

The accompanying notes are an integral part of these statements.

CENTER FOR FAMILY LIFE AND RECOVERY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals for 2013)

	Program Services							Supporting Services		Totals	
	Clinical Service/ Care Management	Financial Services	Prevention Services	Employment Assistance	Drinking Driver	Training	Total	Management and General	Fund Raising	2014	2013
Salaries	$ 918,676	$ 71,541	$ 103,091	$ 84,203	$ 23,074	$ 11,011	$ 1,211,596	$ 171,622	$ 17,778	$ 1,400,996	$ 1,439,308
Employee benefits	25,622	1,994	2,873	2,346	643	307	33,785	4,761	495	39,041	59,179
Payroll taxes	102,325	7,966	11,479	9,376	2,569	1,226	134,941	19,024	1,980	155,945	152,314
Total salaries and related expenses	1,046,623	81,501	117,443	95,925	26,286	12,544	1,380,322	195,407	20,253	1,595,992	1,650,801
Occupancy	67,488	3,909	5,633	5,051	1,261	602	83,944	14,652	-	98,796	96,919
Supplies	6,532	-	15,318	3,489	8,590	280	34,209	7,822	11,486	53,517	51,516
Travel	49,993	-	1,604	349	1,228	114	53,288	60	-	53,348	49,955
Professional fees	5,939	-	3,691	2,768	201	6,376	18,975	13,692	54	32,721	41,910
Marketing and advertising	450	-	17,161	2,946	-	-	20,557	3,919	-	24,476	27,117
Client programming	11,675	-	390	-	-	-	12,065	-	14	12,079	18,612
Telephone	8,000	-	2,152	905	-	189	11,246	8,275	-	19,521	18,411
Conferences	10,510	190	6,025	540	144	3,212	20,621	345	1,533	22,499	14,765
Miscellaneous	648	-	346	50	303	10	1,357	3,095	-	4,452	14,720
Insurance	7,290	555	800	654	179	85	9,563	1,169	138	10,870	13,381
Postage, printing and publications	796	-	1,056	518	923	50	3,343	1,153	168	4,664	10,557
Payroll processing	3,799	296	426	348	95	45	5,009	709	74	5,792	3,931
Dues and subscriptions	405	-	285	270	450	1,840	3,250	-	-	3,250	1,635
Interest	-	-	-	-	-	-	-	-	-	-	1,036
Repairs and maintenance	2,069	-	2,160	3,250	-	-	7,479	-	-	7,479	770
Equipment rental	-	-	-	-	-	-	-	-	-	-	50
Service contract	840	-	-	-	-	-	840	-	-	840	-
Total expenses before depreciation	1,223,057	86,451	174,490	117,063	39,660	25,347	1,666,068	250,498	33,720	1,950,286	2,016,106
Depreciation	13,712	1,046	1,507	1,232	333	161	17,996	2,226	260	20,482	17,150
Total expenses	$ 1,236,769	$ 87,497	$ 175,997	$ 118,295	$ 39,998	$ 25,508	$ 1,684,064	$ 252,724	$ 33,980	$ 1,970,768	$ 2,033,256

The accompanying notes are an integral part of these statements.

CENTER FOR FAMILY LIFE AND RECOVERY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals for 2013)

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 42,753	$ 133,320
Adjustments to reconcile change in net assets to to net cash flow from operating activities:		
Depreciation	20,482	17,150
Realized and unrealized gains on investments	(1,880)	(36,477)
Changes in:		
Accounts and grants receivable	7,336	9,846
Prepaid expenses	(6,805)	6,591
Accounts payable	(7,459)	2,942
Accrued expenses	17,097	(24,964)
Compensated absences	(2,907)	(3,364)
Advanced deficit funding	(8,413)	-
Net cash flow from operating activities	60,204	105,044
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(75,855)	(59,027)
Proceeds from sale of investments	69,123	52,245
Purchases of furniture, fixtures, and equipment	(2,828)	-
Net cash flow from investing activities	(9,560)	(6,782)
CASH FLOW FROM FINANCING ACTIVITIES:		
Line of credit activity, net	-	(75,736)
Net cash flow from financing activities	-	(75,736)
CHANGE IN CASH	50,644	22,526
CASH - beginning of year	182,539	160,013
CASH - end of year	$ 233,183	$ 182,539

1. NATURE OF ACTIVITIES

Center for Family Life and Recovery, Inc. (the "Organization") is a nonprofit corporation providing leadership and resources to improve the community's understanding and awareness of mental health, substance use and behavioral issues and transforming the lives of those who need it most, for the better. Focusing on emotional health as it is essential for overall health; prevention works when awareness and training programs are delivered effectively; treatment is successful when coordinated appropriately; and recovery: people recover from mental health substance use and behavioral issues when provided with a focus on the four pillars of recovery: home, health, community and purpose. The Organization provides direct services, such as counseling, re-entry, prevention in community and schools, Drinking Driver Program, Employee Assistance Program, case management and youth services. The Organization is able to carry out its mission substantially through program service fees and state aid.

The Organization acquired the assets of Compeer of the Mohawk Valley, Inc. (Compeer) on May 1, 2013. On that date, the assets were transferred to the Organization and recorded as contribution revenue in the amount of $77,138. The Compeer program offers mentoring services to those who are affected by mental health, substance use and/or behavioral issues

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation
The financial statements have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. These financial statements are presented on the accrual basis of accounting. Under GAAP, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents
For the purposes of the statements of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. At December 31, 2014 and 2013, there were cash equivalents of $17,990 and $12,443, respectively.

Accounts and Grants Receivable
Credit terms for payment of services provided are extended to various individuals and agencies in the normal course of business and no collateral is required. Accounts are reviewed periodically to determine if any are uncollectible based on past experience, how long the account has been outstanding, and various collection attempts.

Grants receivable represents amounts earned but not yet paid due by various governmental funding sources.

All receivables are stated at unpaid balances less an allowance for doubtful accounts. The Organization recorded an allowance for doubtful accounts for accounts receivable of $0 for 2014 and 2013, respectively. If amounts become uncollectible, they will be charged to the allowance when that determination is made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments
Investments in marketable securities with readily determinable fair values are recorded at their fair values in the statement of financial position. Investment income and realized and unrealized gains and losses are included in the statement of activities.

Property, Equipment and Depreciation
Property and equipment is recorded at cost and depreciated using the straight-line method based on the estimated useful lives of the assets which range from three to seven years. Donated items are reported at market value. Expenditures for repairs and maintenance not considered to substantially lengthen property life are charged to expense as incurred. Major renewal or betterments that extend the lives or increase the value of the assets are capitalized. All property purchased with grantor funding must be used for its intended purpose and cannot be disposed of without prior grantor approval. The Organization utilizes a $1,000 threshold as its capitalization policy.

Deferred Revenue
Deferred revenue consists of program service fees which were received for use in subsequent periods and grant funds received for which expenses have not yet been incurred.

Deficit Funding
The Organization receives revenue from the State of New York to offset certain program deficits. The Organization is required to prepare and file various reports of actual and allowable costs annually. Provisions have been made in the financial statements for prior-year advances and current-year receivable estimates. The difference between the amount provided and the actual final settlement is recorded as an adjustment to state aid in the year in which the final settlement is determined. The laws and regulations governing this funding are complex and subject to interpretation. For the year ended December 31, 2013, the amount recorded as a liability due back to the State of New York was $8,413.

Restricted and Unrestricted Revenue and Support
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Board restricted contributions are required to be reported as unrestricted net assets. Support that is restricted by the donor is reported as temporarily restricted support which is then reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions upon fulfillment of the restriction or when a stipulated time restriction ends.

Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Property and Equipment
Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as an increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor, at which time the Organization will reclassify the temporarily restricted net assets to unrestricted net assets.

Donated Services
The Organization receives donated services from unpaid volunteers who perform a variety of tasks that assist the Organization. No amounts have been recognized in the statements of activities for 2014 and 2013 because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Use of Estimates
The preparation of financial statements in conformity with 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 and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses
The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of specific identification, management's estimates, and on payroll allocations determined by the Organization's management.

Income Tax Status
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for Federal income taxes. In addition, they qualify for the charitable contribution deduction under Section 170(b)(1)(A). The Organization has also been determined to be other than a private foundation, as it is an Organization described in Section 509(a)(1) of the Internal Revenue Code.

The Organization reviews the components of revenues, gains and other support and analyzes whether the position that the Organization takes with regard to a particular item of income would meet the definition of an uncertain tax position under GAAP. The Organization files information returns in the U.S. federal and New York State jurisdictions. The tax years that remain subject to examination by taxing authorities are generally the previous three years.

Advertising
The Organization expenses the cost of advertising as it is incurred. During the years ended December 31, 2014 and 2013, the Organization recorded expenditures of $6,055 and $6,958, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information
The amounts shown for the year ended December 31, 2013, in the accompanying financial statements are included to provide a basis for comparison with 2014, and present summarized totals only. Accordingly, the 2013 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2014 and 2013 are as follows:

	2014	2013
Equipment	$ 33,537	$ 33,537
Computer equipment	66,745	63,916
Furniture and fixtures	26,254	26,254
	126,536	123,707
Less: Accumulated depreciation	79,100	58,618
Net property and equipment	$ 47,436	$ 65,089

4. INVESTMENTS

At December 31, 2014 and 2013, investments had aggregate costs and market values as follows:

	Market Value	Cost
Mutual funds - 2014	$ 292,583	$ 238,298
Mutual funds - 2013	$ 283,972	$ 227,319

Investments at December 31, 2014 and 2013, are reflected in the financial statements as follows:

	2014		2013	
	Market Value	Cost	Market Value	Cost
Unrestricted	$ 165,623	$ 122,677	$ 159,634	$ 116,514
Temporarily restricted	104,910	93,571	102,288	88,755
Permanently restricted	22,050	22,050	22,050	22,050
Total investments	$ 292,583	$ 238,298	$ 283,972	$ 227,319

4. INVESTMENTS (Continued)

The following schedule summarizes the investment return for the years ended December 31, 2014 and 2013:

	2014	2013
Interest and dividend income	$ 15,705	$ 10,364
Net realized and unrealized gain (loss)	1,880	36,477
Investment fees	(3,043)	(2,716)
Total investment income	$ 14,542	$ 44,125

5. COMPENSATED ABSENCES

The Organization's employees are generally allowed to carry over no more than 3 days of vacation time each year. However, with permission by the CEO, employees may carry over more than this maximum. In the event of termination or retirement, an employee is entitled to payment for this accumulated vacation time. To recognize this liability, the Organization has accrued $5,312 and $8,219 at December 31, 2014 and 2013.

6. LINE-OF-CREDIT

The Organization has an overdraft line-of-credit on its payroll account with a local bank that provides borrowings up to $250,000. The line is secured by all business assets. Advances bear interest at the prime rate plus 1.5%. The balance owed on the line of credit was $0 at December 31, 2014 and 2013.

Interest paid for line of credit borrowings for the years ended December 31, 2014 and 2013 was $0 and $1,036 respectively. The prime rate at December 31, 2014 and 2013 was 3.25%.

7. RESTRICTED NET ASSETS

Temporarily Restricted
Temporarily restricted net assets are available for the following purposes at December 31, 2014 and 2013:

	2014	2013
Eleanor Walsh Wertimer Endowment Fund - Earnings yet to be appropriated for expenditure by the Board	$ 16,845	$ 15,056
Erna Mader Rose – Development and implementation of program to assist the elderly	49,309	47,052
Lockheed Martin – Community in Transition grant	38,756	38,756
Daniel Barden Mudfest – Compeer	5,000	-
Health Foundation of Western and Central NY	20,000	-
United Way – Allocation to be used in the Aggression Reduction Program	15,872	16,244
	$ 145,782	$ 117,108

7. RESTRICTED NET ASSETS (Continued)

Permanently Restricted
Permanently restricted net assets consist of The Eleanor Walsh Wertimer Endowment Fund assets to be held indefinitely. The endowment fund earnings are expendable and available for general operating purposes at the direction of the Board. The permanently restricted net assets totaled $22,050 for December 31, 2014 and 2013.

The Eleanor Walsh Wertimer Endowment Fund was established by the Family Services of the Mohawk Valley, Inc.'s Board of Directors in 2000 and received its present name in 2008.

The Board of Directors has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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. 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 and maintained as such for appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA and donors' restrictions on use.

Permanently Restricted (Continued)
In accordance with the NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization
- 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 Organization

Investment Return Objectives, Risk Parameters and Strategies
The Organization is adopting investment and spending policies, to be approved by the Board of Directors, for endowment assets that attempt to provide funding to programs supported by the endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes mutual funds, certificates of deposit and money market accounts that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds if possible.

Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return in excess of the distributions. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

7. RESTRICTED NET ASSETS (Continued)

Spending Policy

The Organization is developing a policy of appropriating an amount in accordance with NYPMIFA regulations for distribution each year. In establishing this policy, the Organization is considering the long-term expected return on its investment assets, the nature and duration of the endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the spending policy to allow its endowment fund to grow on an annual basis. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. There were no appropriations from the endowment fund for 2014 and 2013.

Endowment net asset composition by type of fund as of December 31, 2014 and 2013, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds - 2014	$ -	$ 16,845	$ 22,050	$ 38,895
Donor-restricted endowment funds - 2013	$ -	$ 15,056	$ 22,050	$ 37,106

Changes in endowment net assets for the years ended December 31, 2014 and 2013, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year, 2013	$ -	$ 10,799	$ 22,050	$ 32,849
2013 changes in endowment:				
Investment return - Investment gain	-	4,257	-	4,257
Endowment net assets, end of year, 2013	-	15,056	22,050	37,106
2014 changes in endowment:				
Investment return – Investment gain	-	1,789	-	1,789
Endowment net assets, end of year, 2014	$ -	$ 16,845	$ 22,050	$ 38,895

8. RETIREMENT PLAN

The Organization maintains a 401(k) profit sharing plan (the Plan). The Plan covers substantially all employees. Generally, the Plan allows employees to elect to make pre-tax contributions to the plan pursuant to a salary reduction agreement to the extent allowed under Internal Revenue Service rules. The Plan allows for the Organization to make discretionary contributions on behalf of eligible employees to be allocated on a basis of the ratio that each eligible participants' salary reduction contribution amount bears to the total salary reduction contribution amount of all participants for the Plan year. There were no discretionary contributions in 2014 and 2013.

9. ECONOMIC DEPENDENCY

A large portion of support is funded from state and local governments and nonprofit organizations. Large program budget cuts by these funding organizations could have a potential impact upon the Organization's programs and activities.

10. FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK

Cash
The Organization maintains cash balances at various financial institutions located in the Greater Utica, NY area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for interest bearing accounts as of December 31, 2014 and 2013. Cash and cash equivalents exceeding federally insured limits total $0 at December 31, 2014 and 2013. The Organization does not require additional collateral.

Grants and Accounts Receivable
The Organization extends credit to various governmental agencies for services to its clients and directly to agencies and individuals and no collateral is required. Accounts and grants receivable at December 31, 2014 and 2013, were mostly composed of amounts due from various governmental agencies. Management believes that these amounts will be received.

Investments
Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

11. FAIR VALUE MEASUREMENTS

GAAP clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. GAAP also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy consists of three broad levels as listed below:

Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. Level 1 includes mutual funds that are traded in an active exchange market.

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair values for securities are based on quoted market prices or dealer quotes, where available. When quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. When necessary, the Organization utilizes matrix pricing from a third party pricing vendor to determine fair value pricing. Matrix prices are based on quoted prices for securities with similar coupons, ratings, and maturities, rather than on specific bids and offers for the designated security.

11. FAIR VALUE MEASUREMENTS (Continued)

The Organization's investments are reported at fair value in the accompanying statement of financial position. Investments are classified in their entirety based on the lowest level input significant to the fair value measurements and are summarized below as of December 31, 2014 and 2013:

Mutual funds – 2014	Level 1	Level 2	Level 3	Total
Large-Cap Blend	$ 75,196	$ -	$ -	$ 75,196
Large-Cap Growth	36,660	-	-	36,660
Large-Cap Value	26,459	-	-	26,459
Mid-Cap Blend	7,916	-	-	7,916
Mid-Cap Value	8,549	-	-	8,549
Small-Cap Value	17,724	-	-	17,724
Intermediate-Term Bond	30,417	-	-	30,417
World Bond	47,380	-	-	47,380
Nontraditional Bond	42,282	-	-	42,282
	$ 292,583	$ -	$ -	$ 292,583

Mutual funds - 2013	Level 1	Level 2	Level 3	Total
Large-Cap Blend	$ 80,836	$ -	$ -	$ 80,836
Large-Cap Growth	39,193	-	-	39,193
Large-Cap Value	28,216	-	-	28,216
Mid-Cap Blend	8,554	-	-	8,554
Mid-Cap Value	8,229	-	-	8,229
Small-Cap Growth	18,823	-	-	18,823
Intermediate-Term Bond	65,435	-	-	65,435
World Bond	19,313	-	-	19,313
Nontraditional Bond	15,373	-	-	15,373
	$ 283,972	$ -	$ -	$ 283,972

12. OPERATING LEASES

Utica, New York
The Organization leases its office at 502 Court Street, Utica, New York under a long-term lease which expires November 30, 2018.

Rome, New York
The Organization also leases offices at 414 North James Street, Rome, New York on a month-to-month basis at a cost of $600 per month.

Scheduled remaining future minimum rental payments under the above long-term lease are as follows at December 31:

2015	$ 88,826
2016	88,826
2017	88,826
2018	81,424
	$ 347,902

Herkimer, New York
The Organization also leases office space in Herkimer, New York at a cost of $650 per month on a month-to-month basis.

Lease expense for all locations was included in occupancy expense and totaled $97,602 and $96,102 during the years ended December 31, 2014 and 2013.

13. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment principally by the Federal and State governments. Any disallowed claims, including amounts already collected, many constitute a liability of the applicable program. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 25, 2015, which is the date the financial statements were available to be issued.