Financial Statements

For the years ended December 31, 2017 and 2016
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<td>9-18</td>
</tr>
</tbody>
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Independent Auditors’ Report

To the Board of Directors
West Harlem Development Corporation
New York, New York

Report on the financial statements
We have audited the accompanying financial statements of West Harlem Development Corporation which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditors’ responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 West Harlem Development Corporation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

New York, New York
May 7, 2018
WEST HARLEM DEVELOPMENT CORPORATION  
Statements of Financial Position  
As of December 31,

<table>
<thead>
<tr>
<th>Assets</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents - note 4</td>
<td>$326,113</td>
<td>$15,679,858</td>
</tr>
<tr>
<td>Investments - note 3</td>
<td>21,611,662</td>
<td>3,872,191</td>
</tr>
<tr>
<td>Benefits fund receivable - note 6</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>4,413</td>
<td>2,481</td>
</tr>
<tr>
<td>Total current assets</td>
<td>26,942,188</td>
<td>24,554,530</td>
</tr>
</tbody>
</table>

| **Non-current assets**      |            |            |
| Benefits fund receivable, net of discount of $4,433,498 in 2017 and $5,669,669 in 2016 | 38,316,502 | 42,080,331 |
| Other assets – deposit      | 19,193     | 16,239     |
| Total non-current assets    | 38,335,695 | 42,096,570 |

| Total assets                | $65,277,883 | $66,651,100 |

| **Liabilities and net assets** |            |            |
| **Current liabilities**      |            |            |
| Accounts payable and accrued expenses | $95,552    | $79,508    |
| Grants payable               | 1,688,893  | 1,791,819  |
| Total current liabilities    | 1,784,445  | 1,871,327  |

| **Net assets**               |            |            |
|                             | 63,493,438 | 64,779,773 |

| Total liabilities and net assets | $65,277,883 | $66,651,100 |

The accompanying notes are an integral part of these financial statements.
WEST HARLEM DEVELOPMENT CORPORATION
Statement of Activities
For the year ended December 31, 2017

<table>
<thead>
<tr>
<th>Support</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$</td>
<td>$ 6,136</td>
<td>$ 6,136</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>-</td>
<td>243,775</td>
<td>243,775</td>
</tr>
<tr>
<td>In-kind- Note 7</td>
<td>-</td>
<td>203,757</td>
<td>203,757</td>
</tr>
<tr>
<td>Net unrealized gain</td>
<td>-</td>
<td>443,553</td>
<td>443,553</td>
</tr>
<tr>
<td>Adjustment for receivable discount</td>
<td>-</td>
<td>1,236,171</td>
<td>1,236,171</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>3,419,727</td>
<td>(3,419,727)</td>
<td>-</td>
</tr>
<tr>
<td>Total support and use of net assets</td>
<td>3,419,727</td>
<td>(1,286,335)</td>
<td>2,133,392</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>3,103,005</td>
<td></td>
<td>3,103,005</td>
</tr>
<tr>
<td>Management and general</td>
<td>271,476</td>
<td></td>
<td>271,476</td>
</tr>
<tr>
<td>Fund raising</td>
<td>45,246</td>
<td></td>
<td>45,246</td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,419,727</td>
<td></td>
<td>3,419,727</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>-</td>
<td>(1,286,335)</td>
<td>(1,286,335)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>-</td>
<td>64,779,773</td>
<td>64,779,773</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$</td>
<td>$ 63,493,438</td>
<td>$ 63,493,438</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
WEST HARLEM DEVELOPMENT CORPORATION

Statement of Activities
For the year ended December 31, 2016

<table>
<thead>
<tr>
<th>Support</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$</td>
<td>$7,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>-</td>
<td>27,576</td>
<td>27,576</td>
</tr>
<tr>
<td>In-kind - note 7</td>
<td>-</td>
<td>65,340</td>
<td>65,340</td>
</tr>
<tr>
<td>Net unrealized gain</td>
<td>-</td>
<td>383,546</td>
<td>383,546</td>
</tr>
<tr>
<td>Adjustment for receivable discount</td>
<td>-</td>
<td>776,982</td>
<td>776,982</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>3,949,826</td>
<td>(3,949,826)</td>
<td>-</td>
</tr>
<tr>
<td>Total support and use of net assets</td>
<td>3,949,826</td>
<td>(2,689,382)</td>
<td>1,260,444</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>3,687,668</td>
<td>3,687,668</td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>206,711</td>
<td>206,711</td>
<td></td>
</tr>
<tr>
<td>Fund raising</td>
<td>55,447</td>
<td>55,447</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,949,826</td>
<td>3,949,826</td>
<td></td>
</tr>
</tbody>
</table>

| Change in net assets                         | -            | (2,689,382)           | (2,689,382)|
| Net assets, beginning of year                | -            | 67,469,155            | 67,469,155|
| Net assets, end of year                      | $             | $64,779,773           | $64,779,773|

The accompanying notes are an integral part of these financial statements.
WEST HARLEM DEVELOPMENT CORPORATION
Statement of Functional Expenses
For the year ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Program services</th>
<th>Management and general</th>
<th>Fund raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to nonprofits</td>
<td>$1,673,195</td>
<td>$</td>
<td>$</td>
<td>$1,673,195</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>431,046</td>
<td>198,945</td>
<td>33,157</td>
<td>663,148</td>
</tr>
<tr>
<td>Youth development, including in-kind (note 8)</td>
<td>291,712</td>
<td>-</td>
<td>-</td>
<td>291,712</td>
</tr>
<tr>
<td>Seniors employment</td>
<td>214,527</td>
<td>-</td>
<td>-</td>
<td>214,527</td>
</tr>
<tr>
<td>Workforce &amp; skills training</td>
<td>153,665</td>
<td>-</td>
<td>-</td>
<td>153,665</td>
</tr>
<tr>
<td>Professional consultants, including in-kind (note 8)</td>
<td>148,912</td>
<td>14,213</td>
<td>2,369</td>
<td>165,494</td>
</tr>
<tr>
<td>Occupancy costs, including in-kind (note 8)</td>
<td>86,590</td>
<td>39,965</td>
<td>6,661</td>
<td>133,216</td>
</tr>
<tr>
<td>Equipment lease &amp; licenses</td>
<td>9,226</td>
<td>4,258</td>
<td>710</td>
<td>14,194</td>
</tr>
<tr>
<td>Community &amp; Grantee meetings, including in-kind (note 7)</td>
<td>23,632</td>
<td>-</td>
<td>-</td>
<td>23,632</td>
</tr>
<tr>
<td>Technical assistance to grantees</td>
<td>39,960</td>
<td>-</td>
<td>-</td>
<td>39,960</td>
</tr>
<tr>
<td>Conferences &amp; meetings</td>
<td>7,131</td>
<td>3,291</td>
<td>549</td>
<td>10,971</td>
</tr>
<tr>
<td>Telecommunication &amp; postage</td>
<td>8,840</td>
<td>4,080</td>
<td>680</td>
<td>13,600</td>
</tr>
<tr>
<td>Office supplies &amp; copying</td>
<td>8,446</td>
<td>3,898</td>
<td>650</td>
<td>12,994</td>
</tr>
<tr>
<td>Liability insurance</td>
<td>4,121</td>
<td>1,902</td>
<td>317</td>
<td>6,340</td>
</tr>
<tr>
<td>Fees &amp; other expenses</td>
<td>2,002</td>
<td>924</td>
<td>153</td>
<td>3,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,103,005</td>
<td>$271,476</td>
<td>$45,246</td>
<td>$3,419,727</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
WEST HARLEM DEVELOPMENT CORPORATION
Statement of Functional Expenses
For the year ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Program services</th>
<th>Management and general</th>
<th>Fund raising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to nonprofits</td>
<td>$ 1,871,647</td>
<td>-</td>
<td>- $</td>
<td>$ 1,871,647</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>449,829</td>
<td>147,801</td>
<td>44,983</td>
<td>642,613</td>
</tr>
<tr>
<td>Youth development</td>
<td>375,181</td>
<td>-</td>
<td>-</td>
<td>375,181</td>
</tr>
<tr>
<td>Seniors employment</td>
<td>257,031</td>
<td>-</td>
<td>-</td>
<td>257,031</td>
</tr>
<tr>
<td>Designated fund –</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manhattanville/Grant Houses</td>
<td>431,370</td>
<td>-</td>
<td>-</td>
<td>431,370</td>
</tr>
<tr>
<td>Fiscal sponsor fees</td>
<td>99,754</td>
<td>-</td>
<td>-</td>
<td>99,754</td>
</tr>
<tr>
<td>Professional consultants,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including in-kind - note 8</td>
<td>14,585</td>
<td>28,015</td>
<td>1,459</td>
<td>44,059</td>
</tr>
<tr>
<td>Occupancy costs, including</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in-kind - note 7</td>
<td>62,469</td>
<td>18,883</td>
<td>5,746</td>
<td>87,098</td>
</tr>
<tr>
<td>Equipment lease and licenses</td>
<td>13,865</td>
<td>2,194</td>
<td>486</td>
<td>16,545</td>
</tr>
<tr>
<td>Community and Grantee meetings</td>
<td>34,386</td>
<td>-</td>
<td>-</td>
<td>34,386</td>
</tr>
<tr>
<td>Technical assistance to grantees</td>
<td>34,287</td>
<td>-</td>
<td>-</td>
<td>34,287</td>
</tr>
<tr>
<td>Conferences and meetings</td>
<td>2,704</td>
<td>888</td>
<td>270</td>
<td>3,862</td>
</tr>
<tr>
<td>Telecommunication and postage</td>
<td>8,266</td>
<td>2,716</td>
<td>827</td>
<td>11,809</td>
</tr>
<tr>
<td>Office supplies and copying</td>
<td>28,078</td>
<td>4,120</td>
<td>1,254</td>
<td>33,452</td>
</tr>
<tr>
<td>Liability insurance</td>
<td>4,216</td>
<td>1,385</td>
<td>422</td>
<td>6,023</td>
</tr>
<tr>
<td>Fees and other expenses</td>
<td>-</td>
<td>709</td>
<td>-</td>
<td>709</td>
</tr>
</tbody>
</table>

$ 3,687,668  $ 206,711  $ 55,447  $ 3,949,826

The accompanying notes are an integral part of these financial statements.
WEST HARLEM DEVELOPMENT CORPORATION  
Statements of Cash Flows  
For the years ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ (1,286,335)</td>
<td>$ (2,689,382)</td>
</tr>
<tr>
<td>Adjustment to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized and unrealized (gain)/loss</td>
<td>(443,553)</td>
<td>(402,859)</td>
</tr>
<tr>
<td>Change in benefits fund receivable</td>
<td>3,763,829</td>
<td>4,223,018</td>
</tr>
<tr>
<td>Change in prepaid expenses</td>
<td>(1,932)</td>
<td>8,455</td>
</tr>
<tr>
<td>Change in deposits</td>
<td>(2,953)</td>
<td>(1,248)</td>
</tr>
<tr>
<td>Change in grants payable</td>
<td>(102,927)</td>
<td>564,173</td>
</tr>
<tr>
<td>Change in accounts payable and accrued liabilities</td>
<td>16,045</td>
<td>17,095</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>1,942,174</td>
<td>1,719,252</td>
</tr>
</tbody>
</table>

**Cash flows used in investment activities**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of short-term investments</td>
<td>(17,295,919)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(15,353,745)</td>
<td>719,252</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>15,679,858</td>
<td>14,960,606</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$ 326,113</td>
<td>$ 15,679,858</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Note 1  Organization

West Harlem Development Corporation (WHDC) was incorporated in the State of Delaware on March 14, 2011 as a non-stock corporation, and was authorized to do business in the State of New York on November 2, 2011. On May 1, 2013, WHDC was approved by the New York State Supreme Court to assume the assets and commitments of West Harlem Local Development Corporation (WHLDC). WHLDC was a signatory to a Community Benefits Agreement (CBA) signed with Columbia University on May 18, 2009 as a consequence of the latter’s campus expansion in Manhattanville (West Harlem).

The purposes of WHDC include implementing the CBA by providing and supporting programs which promote economic development, education, environmental protection, transportation, employment, affordable housing, arts & culture, community facilities, historical preservation and the overall economic and social improvement of the community and residents of the geographic area known as West Harlem, legally defined as Manhattan Community District 9 (MCD9). The boundaries of MCD9 are defined as: South to North from 110th street to 155th street; East to West from Manhattan, Morningside, St. Nicholas, Bradhurst, and Edgecombe Avenues to the Hudson River. In January 2015, the board of directors of WHDC strategically decided to focus on education (and youth development), workforce and economic development, and affordable housing. The 2009 CBA contains the following commitments from Columbia University totaling $150 million in cash and in kind:

1) The Benefits Fund  
   (In $ millions)  $76
2) The Affordable Housing Fund - (payable by phases of construction)  $20
3) Related Legal Assistance Benefits (managed by Columbia)  $4
4) Access to Columbia’s facilities and amenities known as “in-kind”  $20
5) Commitment to a Demonstration Community Public School  
   established in conjunction with and managed by Teachers College  $30
Note 1  Organization – (continued)

The amounts paid to/used by WHDC and the respective balances of the Columbia University’s (“CU”) commitments in the CBA due to WHDC are shown below:

<table>
<thead>
<tr>
<th></th>
<th>CU’s Original Commitment</th>
<th>(in $millions)</th>
<th>WHDC Balance 12/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits Fund – non-designated</td>
<td>$73.00</td>
<td>$27.10</td>
<td>$45.90</td>
</tr>
<tr>
<td>Benefits Fund – designated (Grant/Manhattanville)</td>
<td>3.00</td>
<td>1.15</td>
<td>1.85</td>
</tr>
<tr>
<td>Sub-total Benefits Fund</td>
<td>76.00</td>
<td>28.25</td>
<td>47.75</td>
</tr>
<tr>
<td>Affordable Housing Fund</td>
<td>20.00</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Access to Columbia’s facilities (In-kind)</td>
<td>20.00</td>
<td>0.15</td>
<td>19.85</td>
</tr>
</tbody>
</table>

Items not controlled by WHDC:
- Legal assistance benefits for tenants: 4.00
- Demonstration community public school: 30.00

WHDC has chosen to fulfill its obligations through making grants to nonprofit organizations that provide the services itemized in the CBA, and selectively operating programs directly in the priority areas, all with emphasis on benefiting the residents of MCD9.

WHDC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code Sections 509(a)(1) and 170(b)(1)(A)(vi).
Note 2  **Significant accounting policies**

**Fiscal sponsor:** The CBA contains a requirement that Columbia University makes annual installment payments of the benefits fund to WHDC as successor of WHLDC through a fiscal sponsor. On December 7, 2012 WHDC entered into an MOU with Tides Center and Tides Foundation (collectively known as Tides) whereby Tides serves as the fiscal sponsor. On January 1, 2016 WHDC, with the consent of Columbia University, spun off Tides Center and commenced to maintain its own bank accounts to support the assumption of responsibilities for disbursement for its operations and human resource management activities, and thereby WHDC assumed the responsibility to file its initial complete Form 990 for the 2016 year. Tides Foundation continued to serve as the fiscal sponsor with responsibility for servicing WHDC’s grants and being the initial recipient of the installment payments from Columbia University. For its services, Tides Foundation charged WHDC 3% of the dollar volume of grants processed and paid on behalf of WHDC. In January 2017, WHDC completed the second phase of spinning off Tides completely. With the consent of Columbia University, WHDC assumed complete responsibility for receiving the installment payments from Columbia University, investing with a professional investment advisor, and making all disbursements for grants and operations.

**Basis of accounting.** The financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

**Support.** Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Unconditional and conditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
Note 2  Significant accounting policies - (continued)

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the WHDC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and cash equivalents. Cash and cash equivalents consist of cash held in checking, money market accounts, and cash management in investment account.

Concentrations of revenue. WHDC provides various social services for the benefits of the residents of MCD9, and nearly 100% of its revenue comes from contributions from Columbia University as a consequence of the May 18, 2009 CBA. The future value of the Benefits fund was $76 million payable over 16 years at the date of the CBA in 2009, of which Columbia University has paid $28,250,000 to WHDC. As of December 31, 2017 and 2016, the future value of the Benefits funds installments was $47,750,000 and $52,750,000, respectively.

Concentrations of credit and market risk. Financial instruments that potentially expose WHDC to concentrations of credit and market risk consist primarily of cash and investments. Cash is maintained at one of the nation’s largest banks; investments consist of U.S. Government money market funds; mutual funds; interests in long/short domestic equity funds, global long/short credit, event driven funds, emerging markets funds, and a diversified portfolio of common stocks - all of which are managed by professional investment advisors. Management understands the risks implicit in investing and believes that, with the guidance of the Finance Committee of the Board of Directors, the consultation by the professional investment advisor, with respect to managing and investing of the assets, and the qualifications and experience of its management, appropriate oversight is being exercised and WHDC’s diverse portfolio carries a reasonable overall level of risk.

Investments. Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges.

Fixed assets. Depreciation of fixed assets with individual item cost of at least $5,000, and amortization of software are provided over the estimated useful lives of the respective assets or life of the license whichever is shorter on a straight-line method as follows:

<table>
<thead>
<tr>
<th>Asset type</th>
<th>Estimated life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Office furniture</td>
<td>5 years</td>
</tr>
<tr>
<td>Software</td>
<td>3-5 years</td>
</tr>
</tbody>
</table>
Note 2  Significant accounting policies - (continued)

**Allowance for doubtful accounts.** Management has determined that no allowance for uncollectible accounts for accounts receivable or contributions receivable is necessary as of December 31, 2017. Such determination is based on management’s assessments of the creditworthiness of its donors, the age of its receivables, as well as current economic conditions and historical information.

**Net assets.** As required by the Not-for-Profit Entities topic of the FASB accounting codification 958.210.45-9 and 958.210.45-10 “Classification of Net Assets”, the net assets of WHDC as of December 31, 2017 and 2016 are all classified as Temporarily Restricted by program and time and comprise the following designations:

<table>
<thead>
<tr>
<th>Allocations of net assets from Benefits Fund:</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits Fund receivable</td>
<td>$43,316,502</td>
<td>$47,080,331</td>
</tr>
<tr>
<td>Grant/Manhattanville housing allocation</td>
<td>623,766</td>
<td>400,639</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>5,488,769</td>
<td>3,872,191</td>
</tr>
<tr>
<td>Operating Activities</td>
<td>3,983,459</td>
<td>3,389,599</td>
</tr>
<tr>
<td>Net assets from Benefits Fund</td>
<td>53,412,496</td>
<td>54,742,760</td>
</tr>
<tr>
<td>Net assets from Affordable Housing Fund</td>
<td>10,080,942</td>
<td>10,037,013</td>
</tr>
<tr>
<td>Total temporarily restricted net assets</td>
<td>$63,493,438</td>
<td>$64,779,773</td>
</tr>
</tbody>
</table>

For the periods ended December 31, 2017 and 2016, WHDC has cumulatively expended $491,366 and $477,766, respectively, of the earned designated amount to contractors on behalf of Grant/Manhattanville Houses leaving a balance of $623,766 and $400,639, respectively.

**Use of estimates.** The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

**Functional allocation of expenses.** The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

**Income taxes.** WHDC has no uncertain tax positions as December 31, 2017 in accordance with Accounting Standards Codification (“ASC”) Topic 740, Income Taxes, which provides standards for establishing and classifying any tax provision for uncertain tax positions. Tax filing periods ending December 31, 2014 and later are subject to examinations by appropriate tax authorities.
Note 2  **Significant accounting policies - (continued)**

**Fair value measurement.** In accordance with FASB ASC 820, *Fair Value Measurement*, WHDC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

**Level 2.** Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

**Level 3.** Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

**Equities** – These are securities trade on a major exchange. Accordingly, these securities are disclosed as level 1 of the hierarchy.

**Fixed Income** - The fixed income government, corporate and foreign issued bonds employ a strategy of direct holdings of treasuries and fixed income positions to seek maximum total return consistent with the preservation of capital. The fair value estimates of such fixed income strategies are based on observable market information rather than market quotes as of the measurement date. Accordingly, the estimates of fair value for such fixed income securities, are included in the fixed income securities amount disclosed in level 2 of the hierarchy.

**Subsequent events.** WHDC has evaluated its financial statements for potential recognition or disclosure through May 7, 2018, which is the date the financial statements were available to be issued. WHDC has determined that there are no subsequent events that require additional recognition or disclosure in the financial statements.
Note 3  Fair value measurement

The following tables set forth by level, within the fair value hierarchy, the investments at fair value as of December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th>Investment at December 31,</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$</td>
<td>- $</td>
<td>- $</td>
<td>$ 7,138,780</td>
</tr>
<tr>
<td>Equities</td>
<td>3,885,920</td>
<td>-</td>
<td>-</td>
<td>3,885,920</td>
</tr>
<tr>
<td>Fixed Income – Government</td>
<td>-</td>
<td>6,511,084</td>
<td>-</td>
<td>6,511,084</td>
</tr>
<tr>
<td>Fixed Income - Corporate</td>
<td>-</td>
<td>4,036,607</td>
<td>-</td>
<td>4,036,607</td>
</tr>
<tr>
<td></td>
<td>$ 3,885,920</td>
<td>$ 10,586,962</td>
<td>-</td>
<td>$ 21,611,662</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment at December 31,</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$</td>
<td>- $</td>
<td>- $</td>
<td>$ 126</td>
</tr>
<tr>
<td>Equities</td>
<td>3,872,065</td>
<td>-</td>
<td>-</td>
<td>3,872,065</td>
</tr>
<tr>
<td></td>
<td>$ 3,872,065</td>
<td>$</td>
<td>-</td>
<td>3,872,191</td>
</tr>
</tbody>
</table>

As of December 31, 2017 and 2016, WHDC had investments amounting to $21,611,662 and $3,872,191 all of which were managed by Boston Trust:

<table>
<thead>
<tr>
<th>Investment at December 31,</th>
<th>Cash &amp; Cash Equivalent</th>
<th>Bonds-Gov</th>
<th>Bonds-Corp &amp; Foreign</th>
<th>Equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short term fund</td>
<td>$ 2,486,699</td>
<td>$ 2,040,844</td>
<td>$ 1,497,108</td>
<td>- $</td>
<td>$ 6,024,651</td>
</tr>
<tr>
<td>Invested benefits fund</td>
<td>52,738</td>
<td>1,236,412</td>
<td>313,699</td>
<td>3,885,920</td>
<td>5,488,769</td>
</tr>
<tr>
<td>Affordable housing fund</td>
<td>4,599,343</td>
<td>3,233,828</td>
<td>2,265,071</td>
<td>- $ 10,098,242</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 7,138,780</td>
<td>$ 6,511,084</td>
<td>$ 4,075,878</td>
<td>$ 3,885,920</td>
<td>$ 21,611,662</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment at December 31,</th>
<th>Cash &amp; Cash Equivalent</th>
<th>Bonds-Gov</th>
<th>Bonds-Corp &amp; Foreign</th>
<th>Equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested benefits fund</td>
<td>$ 126 $</td>
<td>- $</td>
<td>- $</td>
<td>$ 3,872,065</td>
<td>$ 3,872,191</td>
</tr>
<tr>
<td></td>
<td>$ 126 $</td>
<td>- $</td>
<td>- $</td>
<td>$ 3,872,065</td>
<td>$ 3,872,191</td>
</tr>
</tbody>
</table>
Note 4  Cash and cash equivalents

The total of cash and cash equivalents comprised of the following balances all of which, were maintained in bank accounts held by WHDC as of December 31, 2017 and the fiscal sponsor – Tides as of December 31, 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits fund cash and cash equivalents</td>
<td>$ 326,113</td>
<td>$ 5,642,845</td>
</tr>
<tr>
<td>Affordable housing fund cash and cash equivalents balance</td>
<td>-</td>
<td>10,037,013</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>$ 326,113</td>
<td>$ 15,679,858</td>
</tr>
</tbody>
</table>

Note 5  Pension Plan

WHDC maintains a 403B plan for its employees who work more than 20 hours per week. Eligible employees can make contributions to their individual 403B accounts and vest in them immediately upon hiring. The employer matches the employee contribution as follows: (1) 100% employee contribution that are not in excess of 3% of compensation, plus (2) 50% of employee contribution that exceed 3% of compensation but that does not exceed 5% of employee compensation. The plan includes an automatic enrollment feature whereby 3% of the salaries of eligible employees are automatically deferred. Pension expense for the year ended December 31, 2017 and 2016 amounted to $23,444 and $20,522, respectively. The vesting schedule of employer contributions is:

<table>
<thead>
<tr>
<th>Years of service</th>
<th>Vesting %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>0%</td>
</tr>
<tr>
<td>1</td>
<td>50%</td>
</tr>
<tr>
<td>2</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note 6  Benefit fund contributions receivable

Unconditional promises to give are recorded at the present value of their estimated future cash flows. In determining the present value of the expected future cash flows of the benefits fund contributions payable in installments by Columbia University over the remaining years, discount rates representing 10-year Treasury bill yield rates were applied to the long term receivables at December 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due within one year</td>
<td>$ 5,000,000</td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td>Amount due in two to 10 years</td>
<td>42,750,000</td>
<td>47,750,000</td>
</tr>
<tr>
<td>Total receivables</td>
<td>47,750,000</td>
<td>52,750,000</td>
</tr>
<tr>
<td>Less: discount</td>
<td>(4,433,498)</td>
<td>(5,669,669)</td>
</tr>
<tr>
<td>Total receivables net of discount</td>
<td>$ 43,316,502</td>
<td>$ 47,080,331</td>
</tr>
</tbody>
</table>
Note 6  Benefit fund contributions receivable – (continued)

10-year Treasury bill yield discount rate applied  1.0240%  1.0245%

As of December 31, 2017 and 2016 contributions receivable net of discounts which is temporarily restricted amounted to $43,316,502 and $47,080,331, respectively. Management expects all commitments from Columbia University to be fully collected and, accordingly, no allowance for doubtful commitments has been provided.

Note 7  In-kind

In-kind contributions are recorded as income and expenses at the time the items are received, which is also the time they are placed into service or distributed. Donated services are reported as income at their fair value if such services create or enhance non-financial assets or would have been purchased if not provided by donations. The CBA contains a provision for Columbia University to provide $20 million of in-kind services and amenities to MCD9 through requests from WHDC. Through the years ended December 31, 2017 and 2016, WHDC has requested a total of $146,433 and $93,409, respectively, leaving an unclaimed balance of in-kind services and amenities of $19,853,567 and $19,906,591. Due to the uncertainty of the realization of the services, which are contingent upon timing, location, and approval of Columbia University; the unclaimed balance has not been recorded in the financials. In-kind is shown as both revenue and expense in the financial statements. According to the CBA, WHDC can request up to $2 million of in-kind benefits each year. What is not used carries forward to the succeeding years. The total $20 million in-kind benefits expire when exhausted, or on December 31, 2045, whichever occurs first.

Total in-kind contribution for the year ending December 31, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ending December 31,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of facilities and services of Columbia University</td>
<td>$ 53,024</td>
<td>$ 15,450</td>
</tr>
<tr>
<td>Legal services</td>
<td>100,200</td>
<td>-</td>
</tr>
<tr>
<td>Summer Camps and Community Meetings</td>
<td>32,859</td>
<td>44,890</td>
</tr>
<tr>
<td>Use of Non-Columbia University facility</td>
<td>17,674</td>
<td>5,000</td>
</tr>
<tr>
<td>Total in-kind</td>
<td>$ 203,757</td>
<td>$ 65,340</td>
</tr>
</tbody>
</table>

Columbia University Unclaimed in-kind balance

Original commitment  
$ 20,000,000  $ 20,000,000

Claimed by WHDC as of the January 1,  
(93,409)  (77,959)
Claimed during the year ending December 31,  
(53,024)  (15,450)
Total claimed for the period  
(146,433)  (93,409)

Unclaimed Columbia University in-kind balance  
$ 19,853,567  $ 19,906,591
Note 8 Commitments

WHDC leases its office space that will expire on June 18, 2022 the minimum future commitment is as follows:

<table>
<thead>
<tr>
<th>Year ending December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$86,332</td>
</tr>
<tr>
<td>2019</td>
<td>85,011</td>
</tr>
<tr>
<td>2020</td>
<td>79,540</td>
</tr>
<tr>
<td>2021</td>
<td>82,324</td>
</tr>
<tr>
<td>2022</td>
<td>38,967</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$372,174</strong></td>
</tr>
</tbody>
</table>

Note 9 Percentages of functional expenses

On December 18, 2012 West Harlem Local Development (WHLDC) the predecessor organization of WHDC, entered into an Assurance of Discontinuance (AOD) agreement with the Office of the Attorney General of the State of New York. The AOD expired on December 17, 2015, however management has chosen to use this guideline. Item 14 of the AOD required that “on a fiscal-year basis, the Organization will make at least eighty-five percent (85%) of its expenditures in the form of direct grants of CBA funds or other program expenses”. For the year ended December 31, 2017 WHDC’s direct grants from the CBA’s Benefits fund and other allocated program expenses comprised ninety and 74/100 percent (90.74%) of total organizational expenses. The allocated management and fund raising expenses for the year ended December 31, 2017 were seven and 94/100 percent (7.94%) and one and 32/100 percent (1.32%), respectively.