SCHALL & ASHENFARB Certified Public Accountants, LLC

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China Institute

FOUNDED 1926

Audited Financial Statements

June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
China Institute in America

Report on the Financial Statements

We have audited the accompanying financial statements of China Institute in America (the "Institute"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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 China Institute in America as of June 30, 2014, and the changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Institute's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

January 9, 2015

CHINA INSTITUTE IN AMERICA
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014
(With comparative totals for June 30, 2013)

	6/30/14	6/30/13
Assets		
Cash and cash equivalents (Notes 2d and 2e)	$5,277,044	$1,104,010
Restricted cash (Note 3)	400,714	0
Assets held for sale (Note 13)	137,138	0
Contributions receivable (Notes 2f and 4)	1,338,121	5,774,644
Prepaid expenses and other assets	59,177	237,803
Investments (Notes 2g and 5)	1,983,688	1,844,463
Fixed assets, net (Notes 2h and 6)	17,475,944	18,093,397
Donated artwork held for auction (Note 2i)	165,326	165,326
Total assets	$26,837,152	$27,219,643
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$420,165	$519,358
Deferred tuition (Note 2k)	225,250	356,444
Government grant advances (Note 2c)	57,500	110,541
Loans payable (Note 7)	13,200,670	10,550,671
Total liabilities	13,903,585	11,537,014
Commitments and contingencies (Note 10)		
Net assets: (Note 2b)		
Unrestricted	8,714,916	7,455,352
Temporarily restricted (Note 8)	2,693,697	6,702,323
Permanently restricted (Note 9)	1,524,954	1,524,954
Total net assets	12,933,567	15,682,629
Total liabilities and net assets	$26,837,152	$27,219,643

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

CHINA INSTITUTE IN AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 6/30/14	Total 6/30/13
Public support and revenue:					
Public support:					
Foundations and corporations	$71,541	$41,800		$113,341	$1,272,940
Individuals	666,333	432,368		1,098,701	2,314,822
Government grants (Note 2c)	268,801			268,801	313,559
China Summit income	160,000			160,000	312,000
Special event income (net of expenses with direct benefits to donors) (Note 12)	1,238,077			1,238,077	1,176,867
Membership dues	104,680			104,680	153,955
In-kind donations (Note 2l)	444,800			444,800	385,995
Total public support	2,954,232	474,168	0	3,428,400	5,930,138
Revenues, gains/(losses):					
Loss on uncollectable pledges		(2,125,000)		(2,125,000)	0
Lecture and tuition fees	892,811			892,811	867,696
Gallery catalogue and book sales	10,560			10,560	25,824
Investment income (Note 5)	675	176,364		177,039	99,827
Rental income	546,912			546,912	625,891
Other income				0	8,023
Total revenues, gains/(losses):	1,450,958	(1,948,636)	0	(497,678)	1,627,261
Net assets released from restrictions:					
Satisfaction of program and time restrictions	2,534,158	(2,534,158)		0	0
Total public support and revenue	6,939,348	(4,008,626)	0	2,930,722	7,557,399
Expenses:					
Program services	4,043,327			4,043,327	5,368,737
Management and general	1,215,451			1,215,451	1,150,909
Fundraising	421,006			421,006	548,628
Capital campaign				0	376,718
Total expenses	5,679,784	0	0	5,679,784	7,444,992
Change in net assets	1,259,564	(4,008,626)	0	(2,749,062)	112,407
Net assets - beginning of year	7,455,352	6,702,323	1,524,954	15,682,629	15,570,222
Net assets - end of year	$8,714,916	$2,693,697	$1,524,954	$12,933,567	$15,682,629

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

CHINA INSTITUTE IN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Program Services					Supporting Services				
	Education Program	Gallery Program	Corporate Program	New Facility	Total	Management and General	Fundraising	Total	Total 6/30/14	Total 6/30/13
Salaries	$573,805	$276,962	$148,983	$87,515	$1,087,265	$256,183	$174,022	$430,205	$1,517,470	$1,933,019
Payroll taxes and employee benefits	122,698	55,975	26,985	18,442	224,100	110,118	43,833	153,951	378,051	581,423
Instructor/teacher/temporary intern payments	237,267	5,690	234		243,191	21,905	2,435	24,340	267,531	356,515
Consultants and professional (including in-kind of $444,800)	174,479	39,526	15,395	109,647	339,047	594,322	37,100	631,422	970,469	1,152,927
Printing and publications	59,205	9,480	12,773		81,458	24	72,410	72,434	153,892	118,223
Supplies, postage and shipping	41,020	17,255	6,603	818	65,696	13,135	15,660	28,795	94,491	86,310
Travel and lodging	173,887	7,371	193	33	181,484	12,945	866	13,811	195,295	394,589
Telecommunications	8,871	3,636	2,260		14,767	3,061	4,068	7,129	21,896	22,893
Advertising and staff training (Note 2m)	2,076				2,076	32,958	300	33,258	35,334	32,570
Food and beverages	6,484	11,657	5,418		23,559	957	6,068	7,025	30,584	30,340
Gallery design and installation	4,190	54,218			58,408	19,761	790	20,551	78,959	194,949
Crating, shipping and art insurance		80,625			80,625			0	80,625	128,026
Space rental and venue costs					0			0	0	49,638
Real estate taxes				169,511	169,511			0	169,511	268,438
Building services, equipment rental and maintenance	63,254	41,325	16,199	409,824	530,602	90,248	29,739	119,987	650,589	655,816
Property and liability insurance	18,463	10,545	4,734	19,999	53,741	11,776	8,522	20,298	74,039	82,890
Events expense	630	12,793	308		13,731	1,073	6,352	7,425	21,156	29,702
Bank charges, interest and credit card fees	52,249	21,406	13,405	323,803	410,863	12,505	17,049	29,554	440,417	456,298
Other expenses	56	188	20		264	17,106	1,792	18,898	19,162	12,671
Total expenses before bad debt and depreciation	1,538,634	648,652	253,510	1,139,592	3,580,388	1,198,077	421,006	1,619,083	5,199,471	6,587,237
Bad debt expense								0	0	375,000
Depreciation				462,939	462,939	17,374		17,374	480,313	482,755
Total expenses	$1,538,634	$648,652	$253,510	$1,602,531	$4,043,327	$1,215,451	$421,006	$1,636,457	$5,679,784	$7,444,992

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

CHINA INSTITUTE IN AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	6/30/14	6/30/13
Cash flows from operating activities:		
Change in net assets	($2,749,062)	$112,407
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	480,313	482,755
Realized and unrealized gain on investments	(145,679)	(73,504)
(Increase)/decrease in assets:		
Restricted cash	(400,714)	0
Contributions receivable	4,436,523	(542,044)
Prepaid expenses and other assets	178,626	(100,323)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(99,193)	171,952
Deferred tuition	(131,194)	47,947
Government grant advances	(53,041)	8,325
Total adjustments	4,265,641	(4,892)
Net cash flows provided by operating activities	1,516,579	107,515
Cash flows from investing activities:		
Purchases of investments	(861,218)	(121,362)
Proceeds from sales of investments	867,674	151,554
Net cash flows provided by investing activities	6,456	30,192
Cash flows from financing activities:		
Proceeds from loan payable	3,400,000	0
Repayments of loan payable	(750,001)	(1,000,000)
Proceeds from line of credit	0	1,876,340
Repayments of line of credit	0	(1,625,670)
Net cash flow provided by/(used for) financing activities	2,649,999	(749,330)
Net increase/(decrease) in cash and cash equivalents	4,173,034	(611,623)
Cash and cash equivalents - beginning of year	1,104,010	1,715,633
Cash and cash equivalents - end of year	$5,277,044	$1,104,010

Supplemental disclosure of cash flow information:
Total interest paid - $353,165
Total income taxes paid - $0

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

Note 1 - Nature of Entity

China Institute in America (the "Institute") offers a series of programs relating to China and Chinese culture, including art, education, music, film history, contemporary affairs, business, travel and language. The Institute also presents classes, workshops and events for adults, corporate executives, teachers, families and children.

Incorporated in 1944 in the State of New York, the Institute is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

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

b. Basis of Presentation
The Institute, as a not-for-profit organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor imposed restrictions

- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.

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

c. Revenue Recognition
The Institute reports contributions at the earlier of the receipt of cash or at a time a pledge becomes unconditional in nature. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, when a restriction is met in the period the contribution is received, it is recorded as unrestricted. Amounts are released from restriction on the capital campaign based on the date the capital item is purchased.

Government grants are reviewed to determine if they have traits more commonly associated with contributions or exchange transactions. Management has determined that all government grants more closely resemble exchange transactions, and are therefore recognized as revenue when earned. The difference between cash received and amounts recognized as government grant income are reflected as government grant receivables or advances.

d. Cash and Cash Equivalents
The Institute considers all liquid investments that have an initial maturity of three months or less to be cash and cash equivalents, except for cash held as part of the investment portfolio.

e. Concentration of Credit Risk
Financial instruments which potentially subject the Institute to concentration of credit risk consist of cash, money market accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. Most accounts are insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation. At year-end and at various times during the year, the Institute had material uninsured balances either due to the accounts not being insured or balances exceeding the insured levels. The Institute has not experienced any losses due to the failure of any of these institutions.

The market value of investments is subject to fluctuation and principal is not guaranteed. Management believes its investment policy is prudent for the long-term welfare of the Institute.

f. Contributions receivable
The Institute records unconditional promises to give in the period pledged at net realizable value if expected to be received within one year. Long-term pledges are recorded at fair value based on a risk adjusted discount rate when considered material. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges are reviewed for collectability based on several factors including historical experience.

g. Investments
Securities are reflected at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities.

h. Fixed Assets
Fixed assets to which the Institute retains title and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of buildings, building improvements, furniture, equipment and computers, which are carried at cost and are depreciated over their useful lives (ranging from 3 to 40 years) using the straight-line method with a one-half year convention.

i. Donated Artwork Held for Auction
The Institute's collection of art and artifacts has been recorded at their appraised values at the time of donation. Some of the collection is to be sold at auction, and the remainder is to be displayed at the Institute's premises.

j. Accrued Vacation
The Institute recognizes a liability for the amount of unused vacation that employees have earned but not used. At June 30, 2014 and June 30, 2013 this accrued vacation obligation was $27,649 and $52,262, respectively.

k. Deferred Tuition
Tuition is recognized as revenue in the period the education services are provided. Amounts collected in advance are treated as deferred tuition.

l. Donated Services
The Institute recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically be purchased if not donated. In-kind legal services of $444,800 and $385,995 have been recognized in 2014 and 2013, respectively.

m. Advertising
Advertising expense is recognized in the period the expense has been incurred.

n. Management Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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

p. Comparative Financial Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

q. Accounting for Uncertainty of Income Taxes
The Institute does not believe its financial statements include any material uncertain tax positions. Tax filings for periods ending June 30, 2011 and later are subject to examination by applicable taxing authorities.

r. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 9, 2015, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our

evaluation date that would require adjustment to or disclosure in the financial statements have been made. See Note 13.

Note 3 - Restricted Cash

In connection with the amended and restated loan agreement (see Note 7), the Institute was required to establish a separate account with the lender's institution to be used as a reserve for payments of monthly interest installments.

Note 4 - Contributions Receivable

Contributions receivable are due in the following periods:

Year ended June 30,	2015	$996,021
	2016	250,000
	2017	100,000
		1,346,021
Less: adjustment to fair value		(7,900)
Total		$1,338,121

Note 5 - Investments

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

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access.
Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2014 and June 30, 2013 all investments were considered to be level 1 securities and consisted of the following:

	2014	2013
Money market funds	$112,582	$214,854
U.S. Treasuries	146,419	194,385
Mutual funds	421,653	250,459
Corporate bonds	454,043	437,873
Government agency bonds	185,587	233,700
Corporate equities	663,404	513,192
	$1,983,688	$1,844,463

Investment income for the year ended June 30, 2014 and June 30, 2013 is as follows:

	6/30/14	6/30/13
Realized gains on sales	$114,655	$10,902
Unrealized gains/(loss)	31,024	62,602
Interest and dividends	675	525
Interest and dividends - endowment	49,250	41,191
Investment fees	(18,565)	(15,393)
	$177,039	$99,827

Note 6 - Fixed Assets

Fixed assets consist of:

	6/30/14	6/30/13
Land (a)	$0	$9,000
Building	18,270,000	18,270,000
Capitalized closing costs	247,557	247,557
Furniture and equipment	80,108	80,108
Building improvements (a)	0	498,829
Fixed assets - cost	18,597,665	19,105,494
Less: accumulated depreciation and amortization	(1,121,721)	(1,012,097)
Fixed assets - net	$17,475,944	$18,093,397

(a) See Note 13.

Note 7 - Loans Payable

At year-end, the following loans were outstanding:

Mortgage payable	$11,650,670
Line of credit	1,550,000
	$13,200,670

On April 30, 2012, the Institute entered into a loan agreement for $10,000,000 in connection with the purchase of a commercial condo unit. The principal balance due at June 30, 2013 was $9,000,000 and paid interest at a rate of 3.5%. On March 26, 2014, the Institute entered into an amended and restated loan agreement for $11,650,000, which included additional drawdowns of $3,400,000 less principal payments of $750,000. Terms of the loan required settlement at the earlier of March 31, 2015 or at the time the building at 125 East 65th Street, New York City was sold. Subsequent to year-end, the building on East 65th Street was sold and the loan was satisfied.

The Institute has a line of credit that totals $2,500,000 with the same bank at which it obtained the loan for the purchase of the new building facility. The line of credit bears interest using the LIBOR index plus 1.5%. Subsequent to year-end, the balance was paid in full with the proceeds from the sale of the building on East 65th Street.

Note 8 - Temporarily Restricted Net Assets

During the years ended June 30, 2014 and June 30, 2013, net assets were released from restriction due to satisfaction of donor stipulations for the following programs:

	6/30/14	6/30/13
Capital Campaign	$1,889,593	$2,068,052
Development Consultant	49,000	0
Exhibitions/Conventions	0	96,200
Teach China	55,012	168,928
Curriculum Guide	0	40,426
We All Live In The Forbidden City	404,163	0
China Impact Speakers Series	60,000	97,927
Exhibitions	909	76,841
Other	38,342	10,311
Total program restrictions	2,497,019	2,558,685
Endowment fund	37,139	52,901
Total	$2,534,158	$2,611,586

At year end, net assets are temporarily restricted by donors for the following purposes:

	6/30/14	6/30/13
Capital Campaign	$863,973	$4,878,566
Development Consultant	76,000	0
Exhibitions/Conventions	105,000	130,000
Teach China	36,788	50,000
Curriculum Guide	24,859	24,859
We All Live In The Forbidden City	720,364	1,124,527
China Impact Speakers Series	90,073	150,073
Exhibition: Golden Mangoes	107,941	0
Exhibition: Six Dynasties	116,824	0
Summer Study	25,000	0
China Summit – FY ‘15	25,000	0
Other	43,141	24,789
Total program restrictions	2,234,963	6,382,814
Endowment fund	458,734	319,509
Total	$2,693,697	$6,702,323

Note 9 - Permanently Restricted Net Assets

The Institute’s endowment consists of individual donor-restricted funds established for a variety of purposes. The endowment includes earnings from investment gains that have not been designated for specific use by the donor and have not yet been appropriated by the board of trustees.

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

As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor-stipulations, when endowment funds have earnings in excess of amounts that need to be retained permanently, these excess amounts are classified as temporarily restricted net assets until appropriated for expenditure by the Institute's governing board.

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

(1) The duration and preservation of the fund;
(2) The purposes of the Institute and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Institute;
(7) The investment policies of the Institute;
(8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Institute.

Changes in endowment net assets are as follows:

	June 30, 2014		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$319,509	$1,524,954	$1,844,463
Interest and dividend income	49,250	0	49,250
Investment fees	(18,565)	0	(18,565)
Unrealized and realized gains	145,679	0	145,679
Appropriated for expenditure	(37,139)	0	(37,139)
Endowment net assets, end of year	$458,734	$1,524,954	$1,983,688

	June 30, 2013		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$276,196	$1,524,954	$1,801,150
Interest and dividend income	41,191	0	41,191
Investment fees	(15,393)	0	(15,393)
Unrealized and realized gains	70,416	0	70,416
Appropriated for expenditure	(52,901)	0	(52,901)
Endowment net assets, end of year	$319,509	$1,524,954	$1,844,463

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

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Institute to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2014 or June 30, 2013.

Note 10 - Commitments and Contingencies

a) Government funded activities are subject to audit by applicable granting agencies. Management does not believe that any future audits will result in disallowed costs and has not established any reserves. Any future payments that may result from such audits will be recognized once amounts become known and probable of payment.

b) The Institute is a defendant in a lawsuit for alleged default of a financing agreement on an equipment lease. Management has accrued $60,000 related to this matter.

Note 11 - Employee Benefit Plan

Employees of the Institute are covered by a TIAA-CREF defined contribution plan. The Institute may, on an annual basis, contribute a discretionary match of the salaries of eligible employees to the plan. Employees may elect to contribute a portion of their salaries. Contributions under this plan are applied to individual annuities issued to each participant. Employer contributions to the plan for the years ended June 30, 2014 and June 30, 2013 were $0 and $118,532, respectively.

Note 12 - Special Events

A summary of the special events is as follows:

	Gala	Chinese New Year	Other Events	Total
Gross revenue	$945,781	$438,812	$31,613	$1,416,206
Less: direct expense	(68,442)	(101,031)	(8,656)	(178,129)
Revenue net of direct expenses	877,339	337,781	22,957	1,238,077
Less: indirect expenses	(58,443)	(24,207)	(289)	(82,939)
Total revenue – special events	$818,896	$313,574	$22,668	$1,155,138

Note 13- Subsequent Events

On July 31, 2014, the Institute entered into an agreement to sell the building located at 125 E. 65th Street for a purchase price of $22,000,000. The net proceeds were used to pay off the loan balance of $13,200,670 as of September 2014.

In connection with the sale, the Institute also entered into a lease with the buyer for a term of one year commencing on the date of the sales agreement. Payment of $1 is due to the buyer under the terms of the lease. The buyer is holding a $500,000 security deposit which is to be returned to the Institute upon the termination of the lease.