



Audited Financial Statements

June 30, 2014

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Queens Community House, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Queens Community House, Inc. ("QCH"), 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 organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

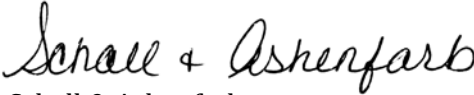
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Queens Community House, Inc. as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited QCH's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 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
Certified Public Accountants, LLC

December 16, 2014

QUEENS COMMUNITY HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014
(With comparative totals for June 30, 2014)

	6/30/14	6/30/13
Current assets:		
Cash and cash equivalents (Notes 2c and 2i)	\$285,975	\$182,839
Grants receivable, net of allowance (Note 2b)	2,016,403	1,953,562
Fees receivable (Note 2b)	98,883	7,087
Pledges receivable (Note 2d)	150,000	100,000
Prepaid expenses	17,913	37,924
Total current assets	2,569,174	2,281,412
Long-term assets:		
Investments (Notes 2e and 8)	46,564	40,234
Fixed assets (net of accumulated depreciation - Notes 2f and 5)	552,943	478,350
Total long-term assets	599,507	518,584
Total assets	\$3,168,681	\$2,799,996
Liabilities:		
Accounts payable and accrued expenses	\$1,300,095	\$1,675,743
Loans payable (Note 7)	681,062	537,648
Government grant advances (Note 2b)	128,045	108,884
Workers' compensation payable (Note 12)	108,374	147,783
Deferred revenue (Note 2b)	68,165	47,994
Total liabilities	2,285,741	2,518,052
Net assets (Note 2a):		
Unrestricted	38,893	(334,641)
Temporarily restricted (Note 3)	768,297	540,835
Permanently restricted (Note 4)	75,750	75,750
Total net assets	882,940	281,944
Total liabilities and net assets	\$3,168,681	\$2,799,996

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

QUEENS COMMUNITY HOUSE, INC.
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
	Operations	Board Designated (Note 2a)				
Support:						
Grants and contributions:						
Government contracts (Notes 2b and 6)	\$12,136,440		\$12,136,440		\$12,136,440	\$11,324,824
Foundation grants and individual contributions	615,397		615,397	\$1,026,109	1,641,506	1,345,921
Donated rent (Note 2g)	897,032		897,032		897,032	719,462
Total support	13,648,869	0	13,648,869	1,026,109	14,674,978	13,390,207
Revenue:						
Program fees and other income	280,720		280,720		280,720	383,153
Fundraising events	81,628		81,628		81,628	82,261
Investment income (Notes 2e and 8)	6,553		6,553		6,553	6,380
Total revenue	368,901	0	368,901	0	368,901	471,794
Net assets released from restriction:						
Satisfaction of program restrictions (Note 3)	798,647		798,647	(798,647)	0	0
Total support and revenue	14,816,417	0	14,816,417	227,462	15,043,879	13,862,001
Expenses:						
Program services (Note 9)	12,864,026		12,864,026		12,864,026	12,237,529
Supporting services:						
Management and general	1,518,356		1,518,356		1,518,356	1,492,285
Fundraising	141,014		141,014		141,014	71,706
Total supporting services	1,659,370	0	1,659,370	0	1,659,370	1,563,991
Total expenses	14,523,396	0	14,523,396	0	14,523,396	13,801,520
Change in net assets from operations	293,021	0	293,021	227,462	520,483	60,481
Non-operating activity:						
Insurance recovery	80,513		80,513		80,513	0
Gain on sale of fixed assets	0		0		0	38,804
Total non-operating activity	80,513	0	80,513	0	80,513	38,804
Change in net assets	373,534	0	373,534	227,462	600,996	99,285
Net assets - beginning of year	(381,200)	46,559	(334,641)	540,835	75,750	281,944
Transfers	32,939	(32,939)	0	0	0	0
Net assets - end of year	\$25,273	\$13,620	\$38,893	\$768,297	\$75,750	\$882,940
	\$25,273	\$13,620	\$38,893	\$768,297	\$75,750	\$882,940

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

QUEENS COMMUNITY HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/14	Total Expenses 6/30/13
	Program Services	Management and General	Fundraising			
Salaries	\$7,176,380	\$527,570	\$35,144	\$562,714	\$7,739,094	\$7,546,110
Payroll taxes and fringes	1,767,445	59,341	3,514	62,855	1,830,300	1,796,218
Occupancy (including in-kind of \$897,032)	1,041,214	38,361		38,361	1,079,575	959,610
Consultation expenses	484,904	9,930	75,000	84,930	569,834	638,783
Insurance	91,382	7,780		7,780	99,162	96,233
Food	1,115,069	6,946	214	7,160	1,122,229	1,077,685
Program activities and admissions	149,255	55,579	24,098	79,677	228,932	239,729
Communications	176,127	1,678	480	2,158	178,285	162,119
Materials and supplies	210,882	6,812		6,812	217,694	169,786
Maintenance and repairs	115,679	2,032		2,032	117,711	130,004
Printing and postage	24,299	4,332	2,245	6,577	30,876	31,076
Office expenses	52,956	5,453	319	5,772	58,728	101,442
Professional fees	184,752	589,014		589,014	773,766	435,627
Equipment and rentals	122,980	1,355		1,355	124,335	60,898
Interest and bank charges	1,029	42,692		42,692	43,721	43,520
Transportation for elderly	91,961	989		989	92,950	79,624
Travel/conferences	48,963	8,179		8,179	57,142	61,510
Bad debt expense				0	0	55,000
Miscellaneous expenses	8,749	2,532		2,532	11,281	15,235
Total expenses before depreciation	12,864,026	1,370,575	141,014	1,511,589	14,375,615	13,700,209
Depreciation		147,781		147,781	147,781	101,311
Total expenses	\$12,864,026	\$1,518,356	\$141,014	\$1,659,370	\$14,523,396	\$13,801,520

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

QUEENS COMMUNITY HOUSE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	<u>6/30/14</u>	<u>6/30/13</u>
Cash flows from operating activities:		
Change in net assets	\$600,996	\$99,285
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	147,781	101,311
Unrealized gain on investments	(6,330)	(6,181)
Realized gain on sale of fixed assets	0	(38,804)
(Increase)/decrease in assets:		
Grants receivable	(62,841)	(335,548)
Fees receivable	(91,796)	2,336
Pledges receivable	(50,000)	50,000
Prepaid expenses	20,011	521
(Decrease)/increase in liabilities:		
Accounts payable and accrued expenses	(375,648)	377,521
Government grant advances	19,161	49,364
Workers' compensation payable	(39,409)	(32,841)
Deferred revenue	20,171	7,178
Total adjustments	<u>(418,900)</u>	<u>174,857</u>
Net cash provided by operating activities	<u>182,096</u>	<u>274,142</u>
Cash flows from investing activities:		
Purchases of equipment and fixed assets	(222,374)	(127,100)
Proceeds from sale of fixed assets	0	58,741
Net cash used for investing activities	<u>(222,374)</u>	<u>(68,359)</u>
Cash flows from financing activities:		
Repayments of loans	(542,000)	(481,435)
Proceeds from loans	685,414	450,000
Net cash provided by/(used for) financing activities	<u>143,414</u>	<u>(31,435)</u>
Net increase in cash and cash equivalents	103,136	174,348
Cash and cash equivalents - beginning of year	182,839	8,491
Cash and cash equivalents - end of year	<u>\$285,975</u>	<u>\$182,839</u>
Supplemental data:		
Interest paid: \$12,964		
Income taxes paid: \$0		

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

QUEENS COMMUNITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 - Organization

Queens Community House, Inc. ("QCH") is a New York Nonprofit Organization, which maintains and operates a community center for persons residing in the City of New York. QCH provides a wide variety of programs and services for families, older adults, children and youth. Programs and services include individual counseling, assistance with entitlement, and group activities that are social, recreational and educational for all age groups, all without profit to QCH.

QCH is exempt from Federal Income Taxes under Internal Revenue Code Section 501(c)(3) and has not been designated as a private foundation.

The facilities of QCH are made available for the use of individuals and clubs, organizations and other associations whose aims and purposes are similar to those of QCH and whose activities are without profit or pecuniary gain to them. QCH's revenue comes primarily from government grants and contributions.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid. All significant receivables, payables and other liabilities have been reflected.

As a not-for-profit organization, QCH reports information regarding its financial position and activities according to specific classes of net assets, as follows:

- *Unrestricted* – accounts for all activity that has not been restricted by a donor. The board of directors has elected to restrict a specific stock donation received in a prior year. Because the donor did not restrict this contribution, a separate category of unrestricted net assets has been created to reflect the board's decision. Therefore, the unrestricted class has the following sub-categories:
 - *Board designated* – represents net assets that the board has designated that function as an endowment.
 - *Operations* – all other unrestricted activity.
- *Temporarily restricted* – those assets which have been restricted by the donor, but whose restriction will be satisfied by performing an activity or through the passage of time.

- *Permanently restricted* – those assets which have been restricted by the donor and must remain intact, in perpetuity.

b. Revenue Recognition

All donor-restricted support and contributions received with donor stipulations for the funds to be used for specific purposes or at a specific future time and whose restrictions have not been satisfied as of the end of the year are recorded as temporarily restricted. Contributions received without donor specified stipulations are reported as unrestricted.

Contributions are recorded at the earlier of receipt of cash or at the time a pledge is considered unconditional.

Government grants are reviewed to determine if they have traits more similar to contributions or exchange transactions. All government grants have been determined to have traits more commonly associated with exchange transactions and are recognized as income when earned. The difference between cash received as of the end of the year and revenue earned is classified as grants receivable or government grant advances. An allowance for potential uncollectable receivables of \$40,000 has been established.

Program fees are recorded on the accrual basis. Amounts collected that apply to programs that take place in future periods have been recorded as deferred revenue. Revenue earned that has not yet been collected is reflected as fees receivable.

c. Cash and Cash Equivalents

All unrestricted cash with a maturity of three months or less is considered to be cash and cash equivalents. As a stipulation to several government contracts, certain bank accounts are limited to use for those particular contracts.

d. Pledges Receivable

Pledges due in less than one year are recorded at their net realizable value. Long-term pledges are considered implicitly time restricted and are recorded at fair value, using a risk adjusted discounted rate. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All pledges are due within one year. Based on the short-term nature of these receivables and the historical experience that QCH has, management feels that no allowance for doubtful accounts is necessary as of June 30, 2014.

e. Investments

Investments are recorded at fair value which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included in income on the statement of activities.

f. Fixed Assets

QCH capitalizes equipment, furniture, vehicles, and leasehold improvements purchased with a useful life greater than one year. Purchases of capital items made with funds obtained as part of government grant agreements are also capitalized when it is probable that the asset will not revert back to the grantor.

Fixed assets are carried at cost except for donated items, which are carried at the

estimated fair value at the date of donation. Such amounts do not purport to represent replacement values. Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the assets or terms of the lease.

g. Donated Rent

During the year, QCH received donated facilities at several program and administrative sites, which have been reflected on the financial statements at fair value.

h. In-kind Services

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value.

Board members volunteer their time and perform a variety of tasks that assist QCH with fundraising and various committee assignments. These services do not meet the criteria for recognition and have not been recognized in the financial statements.

i. Concentration of Credit Risk

Financial instruments which potentially subject QCH to concentration of credit risk consist of cash and money market accounts which have been placed with financial institutions that management feels are creditworthy. At times, balances may exceed federally insured limits; however, QCH has not experienced any losses from these accounts.

j. Management Estimates

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

k. Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. 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 QCH.

l. Summarized Comparative Information

The 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 QCH's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

QCH 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.

n. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through December 16, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	<u>June 30, 2014</u>			
	<u>Beginning</u>	<u>Contributions</u>	<u>Released From Restriction</u>	<u>Ending</u>
Community program	\$116,124	\$100,000	(\$127,172)	\$88,952
Youth program	379,711	774,000	(603,863)	549,848
Senior program	35,000	115,000	(64,842)	85,158
Hurricane Sandy Administration	10,000 0	0 37,109	(2,770) 0	7,230 37,109
	<u>\$540,835</u>	<u>\$1,026,109</u>	<u>(\$798,647)</u>	<u>\$768,297</u>
	<u>June 30, 2013</u>			
	<u>Beginning</u>	<u>Contributions</u>	<u>Released From Restriction</u>	<u>Ending</u>
Community program	\$45,515	\$178,000	(\$107,391)	\$116,124
Youth program	337,564	180,000	(137,853)	379,711
Senior program	35,000	35,000	(35,000)	35,000
Hurricane Sandy	0	10,000	0	10,000
	<u>\$418,079</u>	<u>\$403,000</u>	<u>(\$280,244)</u>	<u>\$540,835</u>

Net assets were released from restriction due to satisfaction of program obligations.

Note 4 - Permanently Restricted Net Assets/Endowment Funds

Over the years, QCH received donations totaling \$75,750 that were restricted by the donors to be held in perpetuity. QCH set up an endowment account for these donations. The terms of the endowment provide for the corpus to remain in-tact and income to be used for operating purposes.

Interpretation of Relevant Law

QCH follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The board of directors of QCH has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, QCH will preserve

the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, QCH 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, QCH classifies permanently restricted net assets as (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, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as board designated (unrestricted) net assets.

Spending Policies

QCH considers the following gift 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 QCH 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 QCH;
- (7) The investment policies of QCH;
- (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 QCH.

Changes in endowment net assets were as follows:

	<u>June 30, 2014</u>		
	<u>Unrestricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	(\$49,136)	\$75,750	\$26,614
Unrealized gain on investments	<u>6,330</u>	<u>0</u>	<u>6,330</u>
Endowment net assets, end of year	<u>(\$42,806)</u>	<u>\$75,750</u>	<u>\$32,944</u>
	<u>June 30, 2013</u>		
	<u>Unrestricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	(\$55,317)	\$75,750	\$20,433
Unrealized gain on investments	<u>6,181</u>	<u>0</u>	<u>6,181</u>
Endowment net assets, end of year	<u>(\$49,136)</u>	<u>\$75,750</u>	<u>\$26,614</u>

Endowment Investment Policies

QCH has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). QCH targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

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 QCH to retain as a fund of perpetual duration. The amount of donor restricted investments was below the original corpus by \$42,806 and \$49,136 as of June 30, 2014 and June 30, 2013, respectively.

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>At June 30, 2014</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment – 3 and 5 yr. lives	\$368,283	\$113,609	\$254,674
Building improvements – 30 yr. life	<u>484,208</u>	<u>185,939</u>	<u>298,269</u>
Total	<u>\$852,491</u>	<u>\$299,548</u>	<u>\$552,943</u>

	<u>At June 30, 2013</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment – 3 and 5 yr. lives	\$1,330,792	\$1,166,851	\$163,941
Leasehold improvements – 7 yr. life	264,496	264,496	0
Building improvements – 30 yr. life	<u>484,208</u>	<u>169,799</u>	<u>314,409</u>
Total	<u>\$2,079,496</u>	<u>\$1,601,146</u>	<u>\$478,350</u>

Note 6 - Government Contracts

QCH conducts numerous programs, which are publicly supported by governmental agencies. Some programs are subject to governmental agency audits and retroactive adjustments for “disallowed” expenses. As of June 30, 2014 and 2013, management established a reserve of \$31,000 to account for this possibility.

Note 7 - Loans Payable

At June 30, 2014 and June 30, 2013, the following loans were outstanding:

	<u>2014</u>	<u>2013</u>
Chase line of credit – A restructured line of credit that requires monthly payments and interest payable at 8.25%. Subsequent to year-end, the lender agreed to accept monthly payments of \$4,000 per month starting December 2013 for 36 months after which additional terms will be negotiated.	\$226,062	\$287,648
Fund for the City of New York – A cash flow loan with a 1.5% service charge. Due on July 11, 2014. Paid in full subsequent to year-end.	275,000	0
Fund for the City of New York – A cash flow loan with a 1.5% service charge. Due on August 31, 2014. Paid in full subsequent to year-end.	180,000	0
Fund for the City of New York – A cash flow loan with a 1.5% service charge. Due on June 30, 2013. Paid in full subsequent to year-end.	<u>0</u>	<u>250,000</u>
Total loans outstanding	<u>\$681,062</u>	<u>\$537,648</u>

Note 8 - Investments

At June 30, 2014, investments are primarily concentrated in equity securities, which are considered Level 1 on the fair value hierarchy, since they are based on quoted market prices.

Total investment income from all accounts is as follows:

	<u>6/30/14</u>	<u>6/30/13</u>
Unrealized gain	\$6,330	\$6,181
Interest income	<u>223</u>	<u>199</u>
Ending balance	<u>\$6,553</u>	<u>\$6,380</u>

Note 9 - Program Services

The following outlines the major programs that were performed for the year:

	<u>6/30/14</u>	<u>6/30/13</u>
Youth	\$6,115,942	\$5,399,477
Senior services	4,475,174	4,409,741
Community	<u>2,272,910</u>	<u>2,428,311</u>
Total	<u>\$12,864,026</u>	<u>\$12,237,529</u>

Note 10 - Retirement Plan

QCH has a deferred contribution pension plan. Employees who work at least 1,000 hours and have been employed for at least one year are eligible. The employer has the discretion to designate the percentage of employees' salary to contribute to the plan. For the years ended June 30, 2014 and June 30, 2013, QCH suspended the employer match and did not accrue any contribution relating to the plan.

Note 11 - Commitments and Contingencies

Program Audits

Government supported projects are subject to audit by the applicable granting agency. No allowance for disallowed costs has been recorded. Any such disallowances will be recorded when they become known.

Note 12 - Workers' Compensation Payable

During the period from 1997 through 2002, QCH was a member of a self-insurance trust for workers' compensation. Although QCH had made all premium payments that they were billed for, the trust was liquidated and all the members received additional assessments. The portion charged to QCH was approximately \$197,000, which was accrued during 2011, the period the settlement amount became known. Terms of payment require QCH to make sixty (60) equal monthly payments of \$3,489. As of June 30, 2014 and June 30, 2013, the outstanding balance was \$108,374 and \$147,783, respectively.