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RACISM

*FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT*

*FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015*

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
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## **Independent Auditors' Report**

To the Board of Directors  
ERASE Racism, Inc.  
Syosset, New York 11791-4401

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of ERASE Racism, Inc. ("ERASE," a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 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 ERASE'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 ERASE'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 ERASE as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Cerini & Associates LLP*

April 28, 2017  
Bohemia, New York

**ERASE RACISM, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

**2016**

**2015**

**ASSETS**

**Current Assets:**

Cash and cash equivalents.....	\$ 242,549	\$ 176,249
Restricted cash and cash equivalents (Note 7).....	12,918	50,185
Contributions and grants receivable (Note 4).....	60,300	54,996
Prepaid expenses and other current assets.....	8,419	14,745

**TOTAL CURRENT ASSETS** 324,186 296,175

Property and equipment, net of accumulated depreciation .....	1,512	4,217
Security deposit.....	6,969	6,969

**TOTAL ASSETS** \$ 332,667 \$ 307,361

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses .....	\$ 38,211	\$ 40,300
Deferred revenue.....	1,500	-

**TOTAL LIABILITIES** 39,711 40,300

Commitments and contingencies (Notes 2, 3, 5, and 7)

**Net Assets:**

Unrestricted.....	280,038	216,876
Temporarily restricted (Note 7).....	12,918	50,185

**TOTAL NET ASSETS** 292,956 267,061

**TOTAL LIABILITIES AND NET ASSETS** \$ 332,667 \$ 307,361

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE (Note 2) :</b>			
Contributions and grants (Notes 4 and 7).....	\$ 431,131	\$ 12,918	\$ 444,049
Registration fees.....	5,450	-	5,450
Consulting fees.....	800	-	800
Other income (Note 6).....	39,916	-	39,916
Net assets released from restrictions (Note 7).....	50,185	(50,185)	-
Gross proceeds from special events.....	236,744	-	236,744
Less: direct benefits to donors.....	(52,271)	-	(52,271)
Net proceeds from special events.....	<u>184,473</u>	<u>-</u>	<u>184,473</u>
<b>Total Support and Revenue</b>	711,955	(37,267)	674,688
<b>EXPENSES:</b>			
Program services:			
Housing.....	187,727	-	187,727
Education.....	143,727	-	143,727
Healthcare.....	86	-	86
Public education/seminars.....	20,052	-	20,052
Partner.....	115,934	-	115,934
Racism research.....	82,313	-	82,313
Youth.....	-	-	-
<b>Total Program Services</b>	<u>549,839</u>	<u>-</u>	<u>549,839</u>
Supporting services:			
Management and general.....	29,076	-	29,076
Development.....	69,878	-	69,878
<b>Total Supporting Services</b>	<u>98,954</u>	<u>-</u>	<u>98,954</u>
<b>Total Expenses</b>	<u>648,793</u>	<u>-</u>	<u>648,793</u>
Change in net assets.....	63,162	(37,267)	25,895
Net assets, beginning of year.....	<u>216,876</u>	<u>50,185</u>	<u>267,061</u>
Net assets, end of year.....	<u>\$ 280,038</u>	<u>\$ 12,918</u>	<u>\$ 292,956</u>

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE (Note 2) :</b>			
Contributions and grants (Note 7).....	\$ 433,988	\$ 37,090	\$ 471,078
Registration fees.....	325	-	325
Consulting fees.....	6,761	-	6,761
Other income.....	6,139	-	6,139
Net assets released from restrictions (Note 7).....	2,100	(2,100)	-
Gross proceeds from special events.....	255,871	-	255,871
Less: direct benefits to donors.....	(52,984)	-	(52,984)
Net proceeds from special events.....	<u>202,887</u>	<u>-</u>	<u>202,887</u>
<b>Total Support and Revenue</b>	652,200	34,990	687,190
<b>EXPENSES :</b>			
Program services:			
Housing.....	218,757	-	218,757
Education.....	80,534	-	80,534
Healthcare.....	466	-	466
Public education/seminars.....	21,555	-	21,555
Partner.....	155,273	-	155,273
Racism research.....	56,934	-	56,934
Youth.....	1,530	-	1,530
<b>Total Program Services</b>	535,049	-	535,049
Supporting services:			
Management and general.....	38,330	-	38,330
Development.....	37,233	-	37,233
<b>Total Supporting Services</b>	<u>75,563</u>	<u>-</u>	<u>75,563</u>
<b>Total Expenses</b>	<u>610,612</u>	<u>-</u>	<u>610,612</u>
Change in net assets.....	41,588	34,990	76,578
Net assets, beginning of year.....	<u>175,288</u>	<u>15,195</u>	<u>190,483</u>
Net assets, end of year.....	<u>\$ 216,876</u>	<u>\$ 50,185</u>	<u>\$ 267,061</u>

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services							Supporting Services		Total Expenses	
	Housing	Education	Healthcare	Public Education / Seminars	Partner	Racism Research	Youth	Total Program	Management and General		Development
Staff leasing expense	\$ 161,438	\$ 116,082	\$ 85	\$ 10,802	\$ 94,011	\$ 61,228	\$ -	\$ 443,646	\$ 3,334	\$ 37,533	\$ 484,513
Professional fees	2,132	14,107	1	3,099	2,074	4,102	-	25,515	12,554	17,195	55,264
Telecommunications	762	777	-	43	3,532	252	-	5,366	1,268	297	6,931
Equipment and maintenance	659	946	-	31	587	7,679	-	9,902	286	242	10,430
Supplies	-	321	-	63	239	1,307	-	1,930	1,672	586	4,188
Conferences	2,230	298	-	3,437	783	19	-	6,767	579	56	7,402
Travel and entertainment	2,914	1,834	-	1,824	717	19	-	7,308	362	506	8,176
Postage and delivery	1,299	396	-	21	1,966	225	-	3,907	167	1,987	6,061
Occupancy (Note 3)	4,282	4,560	-	252	4,605	1,490	-	15,189	3,492	1,725	20,406
Utilities	1,101	1,159	-	66	1,191	383	-	3,900	604	439	4,943
Printing and production	3,836	527	-	272	698	54	-	5,387	-	-	5,387
Insurance	2,224	1,698	-	108	2,212	602	-	6,844	985	912	8,741
Advertising	-	-	-	-	1,955	1,000	-	2,955	-	2,000	4,955
Miscellaneous	4,235	373	-	-	708	3,740	-	9,056	3,486	6,145	18,687
Depreciation	615	649	-	34	656	213	-	2,167	287	255	2,709
	<u>\$ 187,727</u>	<u>\$ 143,727</u>	<u>\$ 86</u>	<u>\$ 20,052</u>	<u>\$ 115,934</u>	<u>\$ 82,313</u>	<u>\$ -</u>	<u>\$ 549,839</u>	<u>\$ 29,076</u>	<u>\$ 69,878</u>	<u>\$ 648,793</u>



**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services							Supporting Services		Total Expenses	
	Housing	Education	Healthcare	Public Education / Seminars	Partner	Racism Research	Youth	Total Program	Management and General		Development
Staff leasing expense	183,549	\$ 61,368	\$ 449	\$ 12,945	\$ 128,267	\$ 40,340	\$ 1,235	\$ 428,153	\$ 11,028	\$ 27,271	\$ 466,452
Professional fees	4,641	9,108	17	3,146	5,802	1,547	49	24,310	12,110	397	36,817
Telecommunications	1,917	577	-	236	2,002	2,830	19	7,581	1,221	337	9,139
Equipment and maintenance	651	459	-	33	669	6,971	8	8,791	301	68	9,160
Supplies	445	99	-	28	263	288	-	1,123	2,065	823	4,011
Conferences	220	546	-	1,902	1,793	-	-	4,461	976	51	5,488
Travel and entertainment	3,120	2,483	-	2,042	2,249	106	35	10,035	124	506	10,665
Postage and delivery	2,711	10	-	-	939	220	-	3,880	776	2,078	6,734
Occupancy (Note 3)	5,384	2,757	-	367	4,846	1,003	92	14,449	3,902	1,466	19,817
Utilities	1,456	751	-	102	1,319	274	27	3,929	636	476	5,041
Printing and production	6,223	426	-	492	850	1,025	-	9,016	-	-	9,016
Insurance	3,198	1,301	-	195	2,425	517	48	7,684	1,229	798	9,711
Advertising	-	-	-	-	1,525	1,000	-	2,525	-	1,000	3,525
Miscellaneous	4,239	139	-	-	1,423	626	-	6,427	3,962	1,690	12,079
Depreciation	1,003	510	-	67	901	187	17	2,685	-	272	2,957
	<u>\$ 218,757</u>	<u>\$ 80,534</u>	<u>\$ 466</u>	<u>\$ 21,555</u>	<u>\$ 155,273</u>	<u>\$ 56,934</u>	<u>\$ 1,530</u>	<u>\$ 535,049</u>	<u>\$ 38,330</u>	<u>\$ 37,233</u>	<u>\$ 610,612</u>

**ERASE RACISM, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

**2016**

**2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets.....	\$ 25,895	\$ 76,578
<u>Adjustment to reconcile change in net assets to net cash provided by/(used in) operating activities:</u>		
Depreciation expense.....	2,709	2,957
<u>Changes in operating assets and liabilities:</u>		
Restricted cash and cash equivalents.....	37,267	(34,990)
Contributions and grants receivable.....	(5,304)	(50,211)
Prepaid expenses and other current assets.....	6,326	(4,357)
Accounts payable and accrued expenses.....	(2,093)	3,491
Deferred revenue.....	1,500	-
	<hr/>	<hr/>
<b>Net cash provided by/(used in) operating activities</b>	<b>66,300</b>	<b>(6,532)</b>

**CASH FLOWS USED IN INVESTING ACTIVITIES:**

Purchases of property and equipment.....	<hr/> -	<hr/> (3,207)
<b>Net change in cash and cash equivalents</b>	<b>66,300</b>	<b>(9,739)</b>
Cash and cash equivalents, beginning of year.....	<hr/> 176,249	<hr/> 185,988
Cash and cash equivalents, end of year.....	<hr/> <u>\$ 242,549</u>	<hr/> <u>\$ 176,249</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of ERASE Racism, Inc. (hereinafter "ERASE") is presented to assist in understanding ERASE's financial statements. The financial statements and notes are representations of ERASE's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization: ERASE was founded in 2001 as an initiative of The Long Island Community Foundation ("LICF"), a division of The New York Community Trust ("NYCT"). It operates as an education and networking hub for leaders from nonprofits; local government; businesses; community groups; and health, education, welfare, and philanthropic organizations who are motivated to rid the region of institutional racism. In December of 2003, ERASE was incorporated in New York State. During 2004, ERASE obtained its tax-exempt status and separated from NYCT. Fiscal year 2016 represents ERASE's thirteenth full year of independent operation.

ERASE is a regional organization that leads public policy advocacy campaigns and related educational and programmatic initiatives to promote racial equity in areas such as housing, public school education, and healthcare, primarily on Long Island. Because of ERASE's work, racism—long a taboo subject—has become part of the regular discourse of public officials and other regional leaders. Consequently, ERASE's call to address racial inequity is now given serious consideration by regional leaders.

ERASE primarily receives its support from foundation and corporate grants and contributions, as well as an annual event, for the support of its efforts to engage individuals and organizations in educational and problem solving activities designed to increase public awareness of the history and effects of institutional racism in the region and to promote policies and practices that address the disparities and inequities resulting from institutional racism. Individual contributions and program fees provide additional support.

Cash and Cash Equivalents: All short-term investments with original maturities of three months or less are accounted for as cash equivalents and include checking, savings, and money market accounts.

Income Tax Status: ERASE is exempt from federal income tax under Internal Revenue Code Section 501(c)(3), is publicly supported, as described in Section 509(a), and does not conduct unrelated business activities.

ERASE evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions for 2016 and 2015.

Tax returns for the years ended December 31, 2013, 2014, 2015, and 2016 are open for examination by federal, state, and local authorities. ERASE has determined that it has registered in all states where it is required to be registered.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition: ERASE recognizes revenue from grants and contributions in the period these grants are pledged. Revenue received under these grants and contributions is usually unrestricted as to use. All other contributions are recognized as revenue upon the receipt of cash.

Financial Statement Presentation: ERASE is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by action of ERASE and/or the passage of time.

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by ERASE. Generally, the donors of these assets would permit ERASE to use all or part of the income earned on any related investments for general purposes. ERASE did not have any permanently restricted net assets as of December 31, 2016 and 2015.

Contributions: Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Property and Equipment: Property and equipment are stated at cost. Those assets acquired by donation are carried at fair market value established at the date of acquisition. Maintenance and repairs are charged to expense and betterments in excess of \$1,000 are capitalized.

Depreciation expense is computed using the straight-line method over each asset's estimated useful life as follows:

	<u>Years</u>
Furniture and fixtures .....	7
Office equipment .....	3-5
Computer equipment.....	3

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

A half-year of depreciation is generally provided for in the years of acquisition and disposal.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses have been allocated between program services and support services based on an analysis of personnel time for related activities. 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 ERASE.

Grants and Contributions Receivable: Grants and contributions receivable include unconditional promises to give. Management deems all grants and contributions receivable at December 31, 2016 and 2015 fully collectible. As such, no reserve for doubtful accounts has been established.

Leased Employees: ERASE has a year-to-year contract with Alcott Staff Leasing, Inc. ("Alcott"), a professional employer organization for leased employees. Alcott provides comprehensive human resource services to ERASE and is responsible for personnel, administrative, and benefits management functions, as well as payroll processing. Since Alcott is the employer of record for all employees assigned to ERASE, they are included in the Alcott quarterly Internal Revenue Service ("IRS") Form 941, New York State Form NYS-45, and statutory New York State disability and workers compensation filings. Alcott carries a surety bond of \$1 million, and in addition to an annual financial statement audit, undergoes quarterly agreed-upon procedures engagements intended to provide substantial assurance that all appropriate payroll taxes are paid and filed when due.

Donated Services: Certain individuals with specific expertise have provided services to ERASE on a pro-bono basis, which they would have paid for, had they not been donated. Such amounts have been recorded as both donated income and related expense. ERASE did not receive any donated services during 2016 or 2015. In addition, many individuals expend a significant level of time performing a variety of program functions and other tasks for ERASE, which do not require specific expertise. As such, these amounts are not reflected as donated services in the accompanying financial statements.

Events Occurring After Report Date: ERASE has evaluated events and transactions that occurred between January 1, 2017 and April 28, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. During 2017, ERASE was notified that one of its primary funders can no longer support ERASE's programs. However, ERASE is expecting to receive \$200,000 from a separate donor to compensate for this loss.

Reclassification: Certain balances reflected on the statement of functional expenses for the year ended December 31, 2015 were reclassified to conform to the current year presentation.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 2 - CONCENTRATIONS OF CREDIT RISK AND SUPPORT**

Approximately 45% and 56% of total revenue in 2016 and 2015, respectively, was from two donors.

**NOTE 3 - LEASED FACILITIES**

On January 6, 2011, ERASE entered into a lease for its current facilities in Syosset, New York. On January 31, 2013, the lease expiration date, the contract was amended to extend the lease term to January 1, 2015 with a monthly rent payment of \$1,795 during the first twelve-month period and \$1,849 for the remainder of the lease term. On November 19, 2014, the lease was again extended for a two-year period through January 31, 2017 with an increase of the monthly rent payment to \$1,934 during the first twelve-month period and \$1,980 for the remainder of the lease term. During 2017, the lease term was extended for a twelve-month period through January 31, 2018 with equal monthly installments of \$1,629.

In addition to the rental agreement, ERASE also entered into a storage lease agreement on August 28, 2012 for use of storage space at its current location with monthly payments of \$120. The storage lease will expire upon the expiration of the office lease.

ERASE is also a lessee under a non-cancelable equipment lease requiring a monthly payment of \$128, through September 2018.

Future obligations under these leases are as follows for the years ending December 31,:

	<u>Rent</u>	<u>Storage</u>	<u>Equipment</u>	<u>Total</u>
2017.....	\$ 24,291	\$ 1,440	\$ 1,536	\$ 27,267
2018.....	2,028	120	1,152	3,300
Total obligation.....	<u>\$ 26,319</u>	<u>\$ 1,560</u>	<u>\$ 2,688</u>	<u>\$ 30,567</u>

**NOTE 4 - OPERATIONS**

The overall mission that has guided ERASE’s work from its inception continued in 2016. This mission is to expose forms of racial discrimination and advocate for the engagement of the public in changing laws and policies to help eliminate racial disparities, particularly in the areas of housing, community development, and public education. ERASE’s vision is to see transformed, integrated communities in which no person’s access to opportunity is limited by race or ethnicity.

The days of rampant and violent acts of racial discrimination, fueled by racial prejudice, in the United States and on Long Island have been curbed by civil rights laws. It is well documented, however, that skin color and ancestry are still a basis for discrimination—limiting choices and producing inequitable treatment and outcomes in public education, housing, and community development. In addition, many so-called “race neutral” decisions and policies in fact result in racial discrimination, produce racially disparate impacts, and perpetuate patterns of discrimination and racial segregation. This reality underpins ERASE’s beliefs that:

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 4 - OPERATIONS (continued)**

- Civil rights laws must be enforced.
- Discriminatory policies must end.
- Inaction in regard to racial inequities is discrimination.

ERASE achieves its objectives via research, public education, policy advocacy, legal actions, and civic engagement of Long Island leaders, community organizations, and community residents of various ages and backgrounds.

**Accomplishments during 2016**

**Inclusive Housing and Community Organizing Program**

Long Island is among the ten most racially segregated metropolitan regions in the county (according to the U. S. Census), due in large part to housing discrimination. ERASE promotes effective fair housing laws and nondiscriminatory affordable housing policies, vigilant fair housing enforcement, aggressive affirmative actions to further fair housing, and organizes residents to engage in civic actions to support these activities. As a result, this program helps to ensure that all people have equal access to housing, that no one is kept out of communities by discriminatory practices and policies, and that racial minorities and low and moderate-income residents benefit from services and resources that support quality housing and equitable community development. A sampling of actions promoting fair housing and equitable community development, and organizing communities in 2016 included:

- On February 29, 2016, ERASE, along with eight other plaintiffs, reached a favorable settlement in *ERASE Racism, et al. v. Empire Mgmt. America Corp., et al* – a housing discrimination case filed against the owner, property manager, and superintendent of a 107 unit apartment complex in Commack, New York. The settlement provided \$230,000 in damages, attorney fees, and costs to plaintiffs. It also required that the defendants undertake crucial actions to prevent future discrimination. Under the settlement’s terms, ERASE will examine records to ensure compliance with the settlement’s requirements for three years.
- ERASE continued to seek a resolution to the Administrative Complaint it filed in 2014 with the U.S. Department of Housing and Urban Development (“HUD”). The complaint alleges that Nassau County discriminates on the basis of race and color and perpetuates racial segregation in the administration of its housing and community development programs. HUD found that the complaint had merit and opened an investigation. In 2016, Nassau County, HUD and ERASE re-entered into a conciliation process, which is ongoing, to determine whether a settlement agreement can be reached between the parties. Since Nassau County did not fulfill its requirement, on May 5, 2016, ERASE decided to withdraw from the conciliation process.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 4 - OPERATIONS (continued)**

- ERASE continued to analyze and submit comments in response to New York State's amendments to the Action Plan for Community Development Block Grant Disaster Recovery ("CDBG-DR") program. Throughout 2016, ERASE remained in contact with the Governor's Office of Storm Recovery ("GOSR") in order to obtain the records it sought in its December 2014 joint Freedom of Information Law ("FOIL") request related to Superstorm Sandy disaster relief. In late 2015, after continued prompting from ERASE, GOSR began providing records in batches. While records showed deficiencies in the relief program's operation, much of the information provided was inconclusive - there were few signs that data was collected and analyzed in such a way to confirm fair treatment vis-à-vis Sandy relief.
- On March 29, 2016, ERASE released the report *North Park Left Out and Denied: A Study of Remediation Efforts Post Superstorm Sandy*, with 50 North Park residents in attendance. North Park is a historically African-American community in the City of Long Beach. Due to a long history of subpar environmental protections and a coastal location, the community sustained disproportionate damage from Superstorm Sandy. Residents had further been denied a voice in municipal planning. ERASE continues to mobilize the North Park community and facilitated several meetings between residents and ERASE's president and staff attorney.
- ERASE collected 240 signatures for the federal Low-Income Housing Tax Credit petition.

**Education Equity Initiative**

Long Island's 125 public school districts mirror the region's residential racial segregation. According to an analysis of New York State Department of Education data, only six districts have a student population that is similar to the overall student demographic breakdown by race and Hispanic origin. The number of majority minority districts grew from 15 in 2004 to 21 districts in 2014. 62% of the schools that were diverse in 2004 became majority minority in 2014. Based on an analysis of high school graduation rates, only 3% of black students and 5% of Latino students have access to the highest performing schools, while 28% of white students attend the highest performing schools. The Education Equity Initiative is developing a strategic dialogue and action strategy to create more racially and ethnically diverse, high performing public schools on Long Island and to provide all students with access to a rigorous course of study in racially integrated schools and classrooms. A sampling of actions creating public school education equity in 2016 included:

- Throughout the year, ERASE forged relationships with school professionals, parents, and students in select districts including Sewanhaka, Greenport, Southold, Freeport, and Syosset, as well as Molloy College. This included copious conversations, e-mail exchanges, meetings, and consultations where ERASE officials listened to stakeholders' challenges and offered suggestions where possible. While time-consuming, these actions helped to establish the trust and gain the access necessary to move forward.



**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 - OPERATIONS (continued)**

- ERASE continued to convene and facilitate the Education Equity Working Group (“EEWG”), which consists of 93 area superintendents, principals, assistant principals, school teachers, school board leaders, parents, academics, philanthropists, representatives from nonprofit and advocacy organizations, and union and civic leaders. Current EEWG subcommittees include Professional Development, Recruitment & Retention of Faculty of Color, Student Voices Project, Legislative/Policy Advocacy, and Housing. Meeting item agendas included increasing professional development for teachers on student diversity, increasing recruitment and retention of teachers of color, public education regarding the benefits of diversity and integration, and implications of the changing political landscape.
- In August 2016, ERASE launched the first of two Professional Development series. Educators from the Connetquot, Huntington, South Huntington, and Uniondale districts attended. Workshops were as follows: *Reflections on Teaching Sensitive Topics – How Could this Lesson Have Gone So Wrong?*; *How Can Asian American Youth’s Narratives Inform School Curriculum and Teaching Practices?*; *The Civil Rights Movement on Long Island*; *The Lessons of the Holocaust and Decisions We Make Today*; and *The Long Island Index: Resources and Data for Motivation and Relevant Instruction in the High School and Middle School Classrooms*.
- On October 17-18, 2016, ERASE’s president, along with the superintendent of the Greenport and Southold school districts, attended the United States Department of Education’s conference in Washington D.C. The conference highlighted superintendents’ integration efforts.
- ERASE laid the groundwork for the Student Voices Campaign.
- In June 2016, the Rauch Foundation awarded ERASE with a one-year grant for \$100,000 for the Education Equity Initiative, and the Long Island Community Foundation awarded \$20,000 to support the Initiative’s professional development series. ERASE also applied for a two-year, \$200,000 grant from the W.K. Kellogg Foundation.

**Community Education and Mobilizing the Partnership for Racial Equity**

ERASE has used research, publications, and community engagement to reveal how racial disparities continue to deeply affect people of color and the region as a whole. Its Race and Racism Dialogues have created an environment in which talking about racism is no longer taboo and myths can be dispelled. ERASE has established itself as an expert on issues related to structural racism on Long Island and in the broader region, which has resulted in speaking engagements, awards, and media attention. ERASE is also strengthening relationships, promoting civic engagement, and empowering marginalized communities to advance racial equity in the region. To this end, ERASE has increased its work with community-based organizations (particularly through the Progressive Network of Long Island), implemented innovative methods of community outreach and organizing, and engaged the ERASE Racism Partnership for Racial Equity through specific actions and events. A sampling of actions that educated, engaged, and organized ERASE Partners and the general public around issues of structural racism in 2016 included:

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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**NOTE 4 - OPERATIONS (continued)**

- Engaging its Partnership for Racial Equity. On February 11, 2016 ERASE convened a meet and greet for partners at the Art League of Long Island in conjunction with the exhibit *Explore Identity & Celebrate Diversity - An exhibition of African-American Artists of Long Island*. On May 12, 2016 ERASE hosted another partner event at the African American Museum in Suffolk County.
- Educating the Public: Through 2016, ERASE educated the public through numerous workshops, speeches, conference presentations, media outreach, and social media postings. ERASE also conducted its signature Unraveling Racism Training on June 28 and 29, 2016.

**NOTE 5 - LINE OF CREDIT**

Erase has a line of credit ("LOC") with Bethpage Federal Credit Union which allows borrowings of up to \$45,000, and charges an interest rate of 4.75%. There was no borrowing against this LOC at December 31, 2016 and 2015. The LOC is renewed annually.

**NOTE 6 - OTHER INCOME**

During 2015, ERASE filed as one of seven plaintiffs in a lawsuit against the managing company of an apartment complex in Commack, New York. The discrimination lawsuit was settled during 2016 at which time ERASE was awarded \$38,000. This amount is included in other income in the accompany statement of activities for the year ended December 31, 2016.

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Assets were restricted for the following purposes as of December 31,:

	<u>2016</u>	<u>2015</u>
Fair Housing Project - Citi Group.....	\$ -	\$ -
Various contributions - Special Lawyer's Fund.....	-	13,095
Education - Long Island Community Foundation.....	5,758	-
Education - Rauch Foundation.....	7,160	37,090
Total temporarily restricted net assets.....	\$ 12,918	\$ 50,185

NOTES TO FINANCIAL STATEMENTS  
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NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS (continued)

Temporarily restricted net assets changed as follows during the years ended December 31,:

	<u>2016</u>	<u>2015</u>
Restricted at beginning of year.....	\$ 50,185	\$ 15,195
Restricted contributions (net).....	12,918	37,090
Assets released from restriction:		
Originated in 2013.....	(12,895)	-
Originated in 2014.....	(200)	(2,100)
Originated in 2015.....	(37,090)	-
Restricted at end of year.....	<u>\$ 12,918</u>	<u>\$ 50,185</u>

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. During the years ended December 31, 2016 and 2015, ERASE received \$307,082 and \$326,610, respectively, in contributions whose restrictions had been met within the year of contribution and have been reflected as unrestricted in the accompanying statements of activities.

Cash and cash equivalents have been restricted in accordance with temporarily restricted net assets held at year-end. At December 31, 2016 and 2015, restricted net assets of \$12,918 and \$50,185 consisted entirely of restricted cash and cash equivalents, respectively.