



NEW YORK CARES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2012 and 2011

INDEPENDENT AUDITORS' REPORT

Board of Directors
New York Cares, Inc.
New York, New York

We have audited the accompanying statements of financial position of New York Cares, Inc. (the "Organization") as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of the New York Cares, Inc. as of June 30, 2012 and 2011, 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.

EisnerAmper LLP

New York, New York
November 13, 2012

NEW YORK CARES, INC.

Statements of Financial Position

| | June 30, | |
|--|----------------------------|----------------------------|
| | <u>2012</u> | <u>2011</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 969,823 | \$ 1,755,495 |
| Restricted cash and cash equivalents | 215,449 | |
| Pledges receivable, net | 1,501,635 | 1,499,386 |
| Investments | 3,324,248 | 3,289,074 |
| Prepaid expenses and other assets | 206,946 | 248,825 |
| Property and equipment, net | <u>637,169</u> | <u>266,676</u> |
| | <u>\$ 6,855,270</u> | <u>\$ 7,059,456</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 512,246 | \$ 404,931 |
| Deferred rent | <u>158,390</u> | <u>172,045</u> |
| | <u>670,636</u> | <u>576,976</u> |
| Commitments (Note H) | | |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated, available for general operations | 1,413,912 | 1,667,807 |
| Board-designated endowment fund | <u>2,859,574</u> | <u>2,900,002</u> |
| | 4,273,486 | 4,567,809 |
| Temporarily restricted | <u>1,911,148</u> | <u>1,914,671</u> |
| | <u>6,184,634</u> | <u>6,482,480</u> |
| | <u>\$ 6,855,270</u> | <u>\$ 7,059,456</u> |

NEW YORK CARES, INC.

Statements of Activities

| | Year Ended June 30, | | | | | |
|---|---------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------|
| | 2012 | | | 2011 | | |
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Public support and revenue: | | | | | | |
| Foundations | \$ 564,000 | \$ 159,000 | \$ 723,000 | \$ 425,692 | \$ 82,000 | \$ 507,692 |
| Corporations | 2,112,798 | 1,655,478 | 3,768,276 | 1,623,743 | 1,089,969 | 2,713,712 |
| Government | 19,160 | | 19,160 | 279,063 | | 279,063 |
| Individuals | 747,574 | 241,988 | 989,562 | 1,074,410 | 158,598 | 1,233,008 |
| Special events, net | 892,298 | 100,000 | 992,298 | 831,856 | 900,000 | 1,731,856 |
| Investment income | 36,243 | | 36,243 | 506,127 | | 506,127 |
| Other income | 3,831 | | 3,831 | 20,621 | | 20,621 |
| | <u>4,375,904</u> | <u>2,156,466</u> | <u>6,532,370</u> | 4,761,512 | 2,230,567 | 6,992,079 |
| Total public support and revenue before donated goods and services | | | | | | |
| Donated goods and services | <u>2,995,688</u> | | <u>2,995,688</u> | <u>2,269,590</u> | | <u>2,269,590</u> |
| | | | | | | |
| Total public support and revenue, donated goods and services before net assets released from restrictions | 7,371,592 | 2,156,466 | 9,528,058 | 7,031,102 | 2,230,567 | 9,261,669 |
| Net assets released from restrictions | <u>2,159,989</u> | <u>(2,159,989)</u> | | <u>2,597,445</u> | <u>(2,597,445)</u> | |
| Total public support and revenue | <u>9,531,581</u> | <u>(3,523)</u> | <u>9,528,058</u> | <u>9,628,547</u> | <u>(366,878)</u> | <u>9,261,669</u> |
| Expenses: | | | | | | |
| Program services | 8,209,221 | | 8,209,221 | 6,982,546 | | 6,982,546 |
| Management and general | 849,121 | | 849,121 | 753,287 | | 753,287 |
| Fund-raising | 767,562 | | 767,562 | 749,545 | | 749,545 |
| Total expenses | <u>9,825,904</u> | | <u>9,825,904</u> | <u>8,485,378</u> | | <u>8,485,378</u> |
| Change in net assets | (294,323) | (3,523) | (297,846) | 1,143,169 | (366,878) | 776,291 |
| Net assets - beginning of the year | <u>4,567,809</u> | <u>1,914,671</u> | <u>6,482,480</u> | <u>3,424,640</u> | <u>2,281,549</u> | <u>5,706,189</u> |
| Net assets - end of the year | <u>\$ 4,273,486</u> | <u>\$ 1,911,148</u> | <u>\$ 6,184,634</u> | <u>\$ 4,567,809</u> | <u>\$ 1,914,671</u> | <u>\$ 6,482,480</u> |

See notes to financial statements

NEW YORK CARES, INC.**Statement of Functional Expenses
Year Ended June 30, 2012**

(with summarized financial information for 2011)

| | <u>Program</u> | <u>Management and General</u> | <u>Fund- raising</u> | <u>Total Expenses 2012</u> | <u>Total Expenses 2011</u> |
|--|----------------------------|---------------------------------------|--------------------------|------------------------------------|------------------------------------|
| Salaries | \$ 2,722,939 | \$ 376,447 | \$ 479,538 | \$ 3,578,924 | \$ 3,220,840 |
| Payroll taxes and employee benefits | 645,854 | 53,676 | 89,198 | 788,728 | 630,865 |
| Project expenses | 4,081,073 | | | 4,081,073 | 3,290,130 |
| Rent and related expenses | 306,581 | 20,586 | 34,194 | 361,361 | 351,869 |
| Technology and telecommunications | 61,565 | 4,309 | 7,157 | 73,031 | 50,928 |
| Printing and reproduction | 69,600 | 5,418 | 9,000 | 84,018 | 87,770 |
| Professional fees | 58,972 | 249,670 | 30,905 | 339,547 | 286,937 |
| Outreach | 68,007 | | 7,583 | 75,590 | 92,220 |
| Telemarketing | | | 84,018 | 84,018 | 85,913 |
| Postage and shipping | 21,514 | 1,506 | 3,218 | 26,238 | 32,627 |
| Bad-debt expense | | 109,989 | | 109,989 | 101,771 |
| Operations and office expenses | 42,685 | 16,305 | 9,155 | 68,145 | 74,123 |
| Staff development | 38,346 | 1,519 | 2,890 | 42,755 | 55,695 |
| Insurance | 23,377 | 4,887 | 2,720 | 30,984 | 30,038 |
| | <u>8,140,513</u> | <u>844,312</u> | <u>759,576</u> | <u>9,744,401</u> | <u>8,391,726</u> |
| Total expenses before depreciation and amortization | | | | | |
| Depreciation and amortization | 68,708 | 4,809 | 7,986 | 81,503 | 93,652 |
| Total expenses | <u>\$ 8,209,221</u> | <u>\$ 849,121</u> | <u>\$ 767,562</u> | <u>\$ 9,825,904</u> | <u>\$ 8,485,378</u> |

NEW YORK CARES, INC.**Statement of Functional Expenses
Year Ended June 30, 2011**

| | <u>Program</u> | <u>Management and General</u> | <u>Fund- raising</u> | <u>Total Expenses 2011</u> |
|--|----------------------------|---------------------------------------|--------------------------|------------------------------------|
| Salaries | \$ 2,356,082 | \$ 407,516 | \$ 457,242 | \$ 3,220,840 |
| Payroll taxes and employee benefits | 515,679 | 36,942 | 78,244 | 630,865 |
| Project expenses | 3,290,130 | | | 3,290,130 |
| Rent and related expenses | 293,878 | 19,068 | 38,923 | 351,869 |
| Technology and telecommunications | 42,328 | 2,825 | 5,775 | 50,928 |
| Printing and reproduction | 79,176 | 4,581 | 4,013 | 87,770 |
| Professional fees | 103,767 | 149,482 | 33,688 | 286,937 |
| Outreach | 92,220 | | | 92,220 |
| Telemarketing | | | 85,913 | 85,913 |
| Postage and shipping | 27,366 | 1,727 | 3,534 | 32,627 |
| Bad-debt expense | | 101,771 | | 101,771 |
| Operations and office expenses | 38,875 | 19,870 | 15,378 | 74,123 |
| Staff development | 39,338 | 1,279 | 15,078 | 55,695 |
| Insurance | <u>25,877</u> | <u>3,023</u> | <u>1,138</u> | <u>30,038</u> |
| Total expenses before depreciation and amortization | 6,904,716 | 748,084 | 738,926 | 8,391,726 |
| Depreciation and amortization | <u>77,830</u> | <u>5,203</u> | <u>10,619</u> | <u>93,652</u> |
| Total expenses | <u>\$ 6,982,546</u> | <u>\$ 753,287</u> | <u>\$ 749,545</u> | <u>\$ 8,485,378</u> |

NEW YORK CARES, INC.**Statements of Cash Flows**

| | Year Ended June 30, | |
|---|----------------------------|--------------|
| | 2012 | 2011 |
| Cash flows from operating activities: | | |
| Change in net assets | \$ (297,846) | \$ 776,291 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 81,503 | 93,652 |
| Bad debt expense | 109,989 | 101,771 |
| Realized and unrealized losses (gains) on investments | 38,876 | (412,559) |
| Changes in: | | |
| Pledges receivable | (112,238) | 428,638 |
| Prepaid expenses and other assets | 41,879 | 65,339 |
| Accounts payable and accrued expenses | 107,315 | 52,919 |
| Deferred rent | (13,655) | (9,003) |
| Net cash (used in) provided by operating activities | (44,177) | 1,097,048 |
| Cash flows from investing activities: | | |
| Proceeds from sales of investments | 1,148,432 | 195,488 |
| Purchases of investments | (1,222,482) | (266,747) |
| Purchases of property and equipment | (451,996) | (65,586) |
| Net cash used in investing activities | (526,046) | (136,845) |
| Change in cash and cash equivalents | (570,223) | 960,203 |
| Cash and cash equivalents - July 1 | 1,755,495 | 795,292 |
| Cash and cash equivalents - June 30 | \$ 1,185,272 | \$ 1,755,495 |

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

New York Cares, Inc. (the "Organization") is a not-for-profit organization incorporated under the laws of the State of New York. Founded in 1987, the Organization mobilizes tens of thousands of volunteers each year through (i) a wide variety of hands-on, monthly, volunteer projects, (ii) annual events (such as New York Cares Day and the New York Cares Coat Drive) and (iii) disaster-relief initiatives. The Organization's volunteers tutor children, feed the hungry, assist people living with HIV/AIDS, revitalize gardens, take homeless children on cultural and recreational outings, visit the elderly and more. The Organization develops ongoing partnerships with schools, shelters, community agencies and disaster-relief organizations ("Community Partners") that need volunteer support. Working closely with these agencies, the Organization creates and manages thousands of volunteer projects every year so that caring New Yorkers can make a difference.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

[2] Financial reporting:

(a) Basis of accounting:

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conforms to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities.

(b) Functional allocation of expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services using reasonable ratios determined by management.

(c) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies. Actual results may differ from those estimates.

(d) Cash and cash equivalents:

For purposes of the accompanying statements of cash flows, the Organization considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents, with the exception of money-market funds, which are held as part of the investment portfolio. Certain amounts of cash and cash equivalents have been restricted for the security deposit of the Organization's new office space as discussed in Note H.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Financial reporting: (continued)

(e) Net assets:

The net assets of the Organization and changes therein are classified and reported as follows:

(i) Unrestricted:

Unrestricted net assets represent those resources for which there are no restrictions by donors as to their use and are categorized as follows:

Available for general operations - undesignated and available for the ongoing activities and working capital needs of the Organization.

Board-designated fund - designated by the Board of Directors to function as an endowment.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources the use of which has been restricted by donors to specific purposes. The release of net assets from restrictions results from the satisfaction of the restricted purposes specified by the donor.

[3] Contributions:

Contributions made in support of current operations are recognized as unrestricted contributions in the accompanying statements of activities. Contributions which support future operations or donor-restricted purposes are reported as temporarily restricted contributions. All contributions are recognized at their fair values at the earlier of the receipt of assets or of an unconditional promise to pay. Bequests are recorded when payment is received.

[4] Investments:

Investments in marketable securities are stated at their fair values at fiscal year-end. Donated securities are recorded at their fair values on the dates they are received. It is the Organization's policy to sell donated securities upon receipt. Net investment income is recorded in the accompanying statements of activities. Realized and unrealized gains and losses on investments are recorded as unrestricted, in accordance with donor intent. Mutual funds are composed of open-end and closed-end funds, trading in both debt and equity securities.

[5] Property and equipment:

Property and equipment are stated at their costs at the dates of acquisition or at their fair values at the dates of donation. Depreciation of computers, furniture and equipment is provided using the straight-line method over estimated useful lives of five to ten years. Amortization of leasehold improvements is provided using the straight-line method over the term of the lease.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Accrued vacation:

Based on their tenure, the Organization's employees are entitled to be paid for unused vacation time if they leave the Organization. Accordingly, at each fiscal year-end, the Organization must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. The accrued vacation obligation was approximately \$122,000 and \$104,000 for fiscal-years 2012 and 2011, respectively.

[7] Deferred rent:

The difference between the annual rent expense incurred by the Organization on an accrual basis and the year's rental payments paid in cash is attributable to two months of free rent and scheduled rent increases and is reported as a deferred rent liability in the accompanying statements of financial position.

[8] Income tax uncertainties:

The Organization is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 740-10-05, relating to the accounting for uncertainty in income taxes. Because of the Organization's tax-exempt status, ASC 740-10-05 has not had, and is not expected to have, a material impact on the Organization's financial statements.

[9] Fair-value measurement:

The Organization reports a fair-value measurement of all applicable assets and liabilities, including investments, pledges and receivables and short-term payables.

[10] Endowment funds:

The Organization reports all applicable disclosures to its Board-designated fund treated as endowment (see Note J).

[11] Subsequent events:

The Organization considers the accounting treatments, and the related disclosure in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after the fiscal year-end through the date of the independent auditors' report.

[12] Reclassification:

Certain information in the prior year's financial statements has been reclassified to conform to the current year's presentation.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE B - PLEDGES RECEIVABLE

Pledges receivable consist substantially of promises to give from individuals, corporations and foundations. At each fiscal year-end, pledges receivable were due to be collected as follows:

| | June 30, | |
|--|---------------------|---------------------|
| | 2012 | 2011 |
| Less than one year | \$ 1,282,655 | \$ 964,778 |
| One to five years | <u>335,867</u> | <u>654,367</u> |
| | 1,618,522 | 1,619,145 |
| Less discount to present value between 4% and 5% | (32,689) | (38,802) |
| Less allowance for uncollectible amounts | <u>(84,198)</u> | <u>(80,957)</u> |
| | <u>\$ 1,501,635</u> | <u>\$ 1,499,386</u> |

NOTE C - INVESTMENTS

At each fiscal year-end, investments at cost and fair value were composed of the following:

| | June 30, | | | |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012 | | 2011 | |
| | Cost | Fair Value | Cost | Fair Value |
| Money-market funds | \$ 493,458 | \$ 493,458 | \$ 329,340 | \$ 329,340 |
| Mutual funds: | | | | |
| Open-end: | | | | |
| Bond funds | 1,082,537 | 1,092,946 | 639,577 | 705,023 |
| Stock funds | 328,529 | 346,622 | 968,107 | 1,092,164 |
| Closed-end: | | | | |
| Bond funds | | | 50,142 | 74,489 |
| Stock funds | 869,954 | 917,165 | 381,403 | 445,384 |
| Equity securities | | | 50,779 | 51,774 |
| Fixed-income securities | <u>441,378</u> | <u>474,057</u> | <u>558,835</u> | <u>590,900</u> |
| | <u>\$ 3,215,856</u> | <u>\$ 3,324,248</u> | <u>\$ 2,978,183</u> | <u>\$ 3,289,074</u> |

During each fiscal year, investment income (losses) returns consisted of the following:

| | Year Ended June 30, | |
|--|------------------------|-------------------|
| | 2012 | 2011 |
| Interest and dividend income | \$ 75,119 | \$ 93,568 |
| Realized gains | 163,623 | 5,544 |
| Net realized and unrealized (losses) gains | <u>(202,499)</u> | <u>407,015</u> |
| Net return on investment | <u>\$ 36,243</u> | <u>\$ 506,127</u> |

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE C - INVESTMENTS (CONTINUED)

ASC 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based up observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1 - Valuations are based on observable inputs that reflect quoted market prices for the same or identical assets and liabilities at the reporting date.
- Level 2 - Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.
- Level 3 - Fair value is determined based on pricing inputs that are unobservable and includes situations where (i) there is little, if any, market activity for the asset or liability, or (ii) the underlying investments of which cannot be independently valued, or (iii) they cannot be immediately redeemed at or near the fiscal year-end.

The following table summarizes the fair values of the Organizations investments at June 30, 2012 and 2011, in accordance with these fair-value levels:

| | June 30, | | | | | |
|-------------------------|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| | 2012 | | | 2011 | | |
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Money-market funds | \$ 493,458 | | \$ 493,458 | \$ 329,340 | | \$ 329,340 |
| Mutual Funds | 2,356,733 | | 2,356,733 | 2,317,060 | | 2,317,060 |
| Equity securities | | | | 51,774 | | 51,774 |
| Fixed income securities | | \$ 474,057 | 474,057 | | \$ 590,900 | 590,900 |
| Total | <u>\$ 2,850,191</u> | <u>\$ 474,057</u> | <u>\$ 3,324,248</u> | <u>\$ 2,698,174</u> | <u>\$ 590,900</u> | <u>\$ 3,289,074</u> |

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

| | June 30, | |
|--|-------------------|-------------------|
| | 2012 | 2011 |
| Computers | \$ 662,958 | \$ 637,138 |
| Furniture and equipment | 277,177 | 112,197 |
| Leasehold improvements | 372,447 | 111,251 |
| | 1,312,582 | 860,586 |
| Less accumulated depreciation and amortization | <u>(675,413)</u> | <u>(593,910)</u> |
| | <u>\$ 637,169</u> | <u>\$ 266,676</u> |

Depreciation and amortization expense was \$81,503 and \$93,652 for fiscal-years 2012 and 2011, respectively.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE E - SPECIAL EVENTS

Income from the Organization's special events is shown net of direct benefit to donors of \$168,628 and \$135,557 for fiscal-years 2012 and 2011, respectively.

NOTE F - DONATED GOODS AND SERVICES

Contributed goods are recognized at their fair values at the dates of donation. Contributions of services are also recognized at fair value when they are received, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

At each fiscal year-end, the fair value of donated goods and services was as follows:

| | June 30, | | | | | |
|------------------------|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| | 2012 | | | 2011 | | |
| | Goods | Services | Total | Goods | Services | Total |
| Coat drive | \$ 2,421,112 | | \$ 2,421,112 | \$ 1,458,394 | | \$ 1,458,394 |
| Project expenses | 80,398 | \$ 87,296 | 167,694 | 249,643 | \$ 277,150 | 526,793 |
| Special-event expenses | 175,593 | | 175,593 | 178,088 | | 178,088 |
| Professional fees | | 231,289 | 231,289 | | 106,315 | 106,315 |
| | <u>\$ 2,677,103</u> | <u>\$ 318,585</u> | <u>\$ 2,995,688</u> | <u>\$ 1,886,125</u> | <u>\$ 383,465</u> | <u>\$ 2,269,590</u> |

Coat drive revenues and expenses consisted of the estimated fair-value of donated coats. Donated project revenues and expenses consisted primarily of donated toys and other supplies. Donated special-event expenses consisted of items used for the auction, raffle and gift bags. Donated professional fees consisted primarily of legal services.

Unpaid volunteers have made significant contributions of their time to assist the Organization in carrying out its mission. These contributed services have not been recognized because they do not meet the criteria for recognition under generally accepted accounting principles.

NOTE G - DAYS OF SERVICE

During fiscal-years 2012 and 2011, corporate sponsors funded \$748,303 and \$703,900, respectively, in program-related supplies and expenses that benefit the Organization's community partners. These projects were planned and managed by the Organization's staff members through the Organization's customized corporate-service programs. As the program-related supplies and expenses are incurred, the Organization recognizes both revenue and expenses of the same amount.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE H - COMMITMENTS

During fiscal-year 2011, the Organization entered into an eleven-year non-cancelable operating lease for its office space. Subsequent to fiscal-year-end 2012, the Organization moved into this new space and sublet a portion of its existing office space, under the terms of a lease that expires in 2015.

The leases are subject to escalations; however, the Organization expenses rent on a straight-line basis over the term of the lease. Minimum future obligations under the non-cancelable operating leases, exclusive of required payments for real estate taxes, are as follows:

| Year | 214 West 29 th St. | 65 Broadway | Total |
|------------|----------------------------------|----------------|--------------|
| 2013 | \$ 267,178 | \$ 488,000 | \$ 755,178 |
| 2014 | 311,580 | 500,200 | 811,780 |
| 2015 | 235,196 | 512,705 | 747,901 |
| 2016 | | 525,523 | 525,523 |
| 2017 | | 538,661 | 538,661 |
| Thereafter | | 3,526,843 | 3,526,843 |
| | \$ 813,954 | \$ 6,091,932 | \$ 6,905,886 |

Rent expense was \$259,849 and \$244,003 for fiscal-years 2012 and 2011, respectively.

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year-end, temporarily restricted net assets consisted of the following:

| | June 30, | |
|---------------------|--------------|--------------|
| | 2012 | 2011 |
| December coat drive | \$ 307,000 | \$ 312,000 |
| Winter benefit | 103,000 | 18,000 |
| Capital project | 250,000 | 650,000 |
| Time restrictions | 1,201,148 | 834,671 |
| Other programs | 50,000 | 100,000 |
| | \$ 1,911,148 | \$ 1,914,671 |

During each fiscal year, net assets released from restriction were for the following:

| | Year Ended June 30, | |
|--------------------------|---------------------|--------------|
| | 2012 | 2011 |
| December coat drive | \$ 187,000 | \$ 157,000 |
| Day of service | 748,303 | 703,900 |
| Winter benefit | 65,000 | 16,500 |
| SAT-preparation programs | | 6,500 |
| Capital project | 400,000 | 250,000 |
| Time restrictions | 709,686 | 1,363,545 |
| Other programs | 50,000 | 100,000 |
| | \$ 2,159,989 | \$ 2,597,445 |

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2012 and 2011

NOTE J - ENDOWMENT

[1] Board-designated fund:

The Organization has a fund that consists solely of resources designated by the Board of Directors to function as endowment and that is represented by the Organization's investments.

[2] Changes in endowment net assets during each fiscal year:

| | Unrestricted | |
|--|---------------------|---------------------|
| | Year Ended June 30, | |
| | 2012 | 2011 |
| Board-designated fund, beginning of year | <u>\$ 2,900,002</u> | <u>\$ 2,484,899</u> |
| Investment return: | | |
| Dividend income | 7,339 | 8,088 |
| Net realized and unrealized (depreciation) appreciation | <u>(47,767)</u> | <u>407,015</u> |
| Total investment return | <u>(40,428)</u> | <u>415,103</u> |
| Board-designated fund, end of year | <u>\$ 2,859,574</u> | <u>\$ 2,900,002</u> |

[3] Investment objectives and spending policy:

The Organization has adopted investment policies for its endowment assets that attempt to provide a predictable stream of funding for future needs and goals of the Organization. Endowment assets are invested in a diversified manner, so that up to fifty percent is invested in equities and the balance is invested in high quality bonds and other high quality fixed-income securities to maximize return with a low risk.

The Organization does not have a formal spending policy.

NOTE K - EMPLOYEE-BENEFIT PLAN

The Organization maintains a Section 403(b) tax-deferred annuity plan for the benefit of its employees. All employees are eligible to participate, and employee contributions are based upon Internal Revenue Service and U.S. Department of Labor guidelines. Each plan year, the Board of Directors determines the amount of matching contribution, if any, for all eligible participants. For fiscal-years 2012 and 2011, the cost of matching employee contributions amounted to \$47,121 and \$40,462, respectively.

NOTE L - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in accounts with major banking institutions. At times, such amounts may be in excess of federally insured limits. Management does not believe that the Organization faces a significant risk of loss due to the failure of these institutions.