



NEW YORK CARES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2010 and 2009

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, 2010 and 2009, 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 internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as 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 New York Cares, Inc. as of June 30, 2010 and 2009, 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
December 8, 2010

NEW YORK CARES, INC.

Statements of Financial Position

| | June 30, | |
|--|----------------------------|----------------------------|
| | <u>2010</u> | <u>2009</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 795,292 | \$ 2,547,637 |
| Pledges receivable, net | 2,029,795 | 1,741,029 |
| Investments | 2,805,256 | 546,461 |
| Prepaid expenses and other assets | 314,164 | 193,264 |
| Property and equipment, net | <u>294,742</u> | <u>281,411</u> |
| Total assets | <u>\$ 6,239,249</u> | <u>\$ 5,309,802</u> |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 352,012 | \$ 364,044 |
| Deferred rent | <u>181,048</u> | <u>181,016</u> |
| Total liabilities | <u>533,060</u> | <u>545,060</u> |
| Commitment and contingency (Note H) | | |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated, available for general operations | 939,741 | 2,403,868 |
| Board-designated fund | <u>2,484,899</u> | <u>545,415</u> |
| Total unrestricted | 3,424,640 | 2,949,283 |
| Temporarily restricted | <u>2,281,549</u> | <u>1,815,459</u> |
| Total net assets | <u>5,706,189</u> | <u>4,764,742</u> |
| Total liabilities and net assets | <u>\$ 6,239,249</u> | <u>\$ 5,309,802</u> |

NEW YORK CARES, INC.

Statements of Activities

| | Year Ended June 30, | | | | | |
|---|---------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
| | 2010 | | | 2009 | | |
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Public support and revenue: | | | | | | |
| Foundations | \$ 436,440 | \$ 235,500 | \$ 671,940 | \$ 407,209 | \$ 439,791 | \$ 847,000 |
| Corporations | 1,517,090 | 986,471 | 2,503,561 | 1,526,630 | 342,564 | 1,869,194 |
| Government | 180,500 | | 180,500 | 41,500 | | 41,500 |
| Individuals | 899,637 | 459,744 | 1,359,381 | 869,222 | 166,550 | 1,035,772 |
| Special events, net | 993,521 | | 993,521 | 685,750 | 15,000 | 700,750 |
| Investment loss | (35,695) | | (35,695) | (23,415) | | (23,415) |
| | | | | | | |
| Total public support and revenue before donated goods and services | 3,991,493 | 1,681,715 | 5,673,208 | 3,506,896 | 963,905 | 4,470,801 |
| Donated goods and services | <u>3,047,302</u> | | <u>3,047,302</u> | <u>2,692,594</u> | | <u>2,692,594</u> |
| | | | | | | |
| Total public support and revenue, donated goods and services before net assets released from restrictions | 7,038,795 | 1,681,715 | 8,720,510 | 6,199,490 | 963,905 | 7,163,395 |
| Net assets released from restrictions | <u>1,215,625</u> | <u>(1,215,625)</u> | | <u>976,208</u> | <u>(976,208)</u> | |
| | | | | | | |
| Total public support and revenue | <u>8,254,420</u> | <u>466,090</u> | <u>8,720,510</u> | <u>7,175,698</u> | <u>(12,303)</u> | <u>7,163,395</u> |
| Expenses: | | | | | | |
| Program services | 6,450,782 | | 6,450,782 | 6,066,437 | | 6,066,437 |
| Management and general | 588,855 | | 588,855 | 459,375 | | 459,375 |
| Fund-raising | <u>739,426</u> | | <u>739,426</u> | <u>750,774</u> | | <u>750,774</u> |
| | | | | | | |
| Total expenses | <u>7,779,063</u> | | <u>7,779,063</u> | <u>7,276,586</u> | | <u>7,276,586</u> |
| Change in net assets | 475,357 | 466,090 | 941,447 | (100,888) | (12,303) | (113,191) |
| Net assets - beginning of the year | <u>2,949,283</u> | <u>1,815,459</u> | <u>4,764,742</u> | <u>3,050,171</u> | <u>1,827,762</u> | <u>4,877,933</u> |
| Net assets - end of the year | <u>\$ 3,424,640</u> | <u>\$ 2,281,549</u> | <u>\$ 5,706,189</u> | <u>\$ 2,949,283</u> | <u>\$ 1,815,459</u> | <u>\$ 4,764,742</u> |

See notes to financial statements

NEW YORK CARES, INC.**Statement of Functional Expenses
Year Ended June 30, 2010**

(with summarized financial information for 2009)

| | <u>Program</u> | <u>Management and General</u> | <u>Fund- Raising</u> | <u>Total Expenses 2010</u> | <u>Total Expenses 2009</u> |
|--|---------------------|---------------------------------------|--------------------------|------------------------------------|------------------------------------|
| Salaries | \$ 2,140,785 | \$ 309,120 | \$ 440,561 | \$ 2,890,466 | \$ 2,911,139 |
| Payroll taxes and employee benefits | 445,123 | 42,903 | 69,089 | 557,115 | 533,650 |
| Project expenses | 3,139,053 | | | 3,139,053 | 2,667,445 |
| Rent and related expenses | 253,380 | 21,630 | 33,990 | 309,000 | 282,017 |
| Technology and telecommunications | 104,533 | 4,459 | 7,007 | 115,999 | 33,137 |
| Printing and reproduction | 58,457 | 3,516 | 1,801 | 63,774 | 75,270 |
| Professional fees | 48,330 | 149,533 | 35,209 | 233,072 | 259,147 |
| Outreach | 87,269 | | | 87,269 | 64,445 |
| Telemarketing | | | 122,576 | 122,576 | 109,073 |
| Postage and shipping | 16,957 | 1,346 | 2,114 | 20,417 | 41,491 |
| Bad debt expense | | 29,755 | | 29,755 | 55,541 |
| Operations and office expenses | 36,147 | 15,247 | 6,207 | 57,601 | 38,946 |
| Staff development | 31,375 | 1,542 | 11,277 | 44,194 | 84,098 |
| Insurance | <u>26,631</u> | <u>4,448</u> | <u>1,178</u> | <u>32,257</u> | <u>42,915</u> |
| Total expenses before depreciation and amortization | 6,388,040 | 583,499 | 731,009 | 7,702,548 | 7,198,314 |
| Depreciation and amortization | <u>62,742</u> | <u>5,356</u> | <u>8,417</u> | <u>76,515</u> | <u>78,272</u> |
| Total expenses | <u>\$ 6,450,782</u> | <u>\$ 588,855</u> | <u>\$ 739,426</u> | <u>\$ 7,779,063</u> | <u>\$ 7,276,586</u> |

NEW YORK CARES, INC.**Statement of Functional Expenses
Year Ended June 30, 2009**

| | Program | Management and General | Fund- Raising | Total Expenses 2009 |
|--|----------------------------|---------------------------------------|--------------------------|------------------------------------|
| Salaries | \$ 2,209,663 | \$ 261,416 | \$ 440,060 | \$ 2,911,139 |
| Payroll taxes and employee benefits | 426,809 | 37,650 | 69,191 | 533,650 |
| Project expenses | 2,667,445 | | | 2,667,445 |
| Rent and related expenses | 231,975 | 18,274 | 31,768 | 282,017 |
| Technology and telecommunications | 27,151 | 2,186 | 3,800 | 33,137 |
| Printing and reproduction | 69,687 | 3,986 | 1,597 | 75,270 |
| Professional fees | 147,837 | 54,293 | 57,017 | 259,147 |
| Outreach | 64,445 | | | 64,445 |
| Telemarketing | | | 109,073 | 109,073 |
| Postage and shipping | 34,903 | 2,406 | 4,182 | 41,491 |
| Bad debt expense | | 55,541 | | 55,541 |
| Operations and office expenses | 24,575 | 10,676 | 3,695 | 38,946 |
| Staff development | 60,566 | 3,336 | 20,196 | 84,098 |
| Insurance | <u>37,248</u> | <u>4,448</u> | <u>1,219</u> | <u>42,915</u> |
| Total expenses before depreciation and amortization | 6,002,304 | 454,212 | 741,798 | 7,198,314 |
| Depreciation and amortization | <u>64,133</u> | <u>5,163</u> | <u>8,976</u> | <u>78,272</u> |
| Total expenses | <u>\$ 6,066,437</u> | <u>\$ 459,375</u> | <u>\$ 750,774</u> | <u>\$ 7,276,586</u> |

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

| | Year Ended June 30, | |
|---|----------------------------|----------------------------|
| | 2010 | 2009 |
| Cash flows from operating activities: | | |
| Change in net assets | \$ 941,447 | \$ (113,191) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 76,515 | 78,272 |
| Bad debt expenses | 29,755 | 55,541 |
| Realized and unrealized losses on investments | 75,951 | 62,410 |
| Changes in: | | |
| Pledges receivable | (318,521) | 583,003 |
| Prepaid expenses and other assets | (120,900) | 985 |
| Accounts payable and accrued expenses | (12,032) | 87,987 |
| Deferred rent | 32 | 270 |
| Net cash provided by operating activities | <u>672,247</u> | <u>755,277</u> |
| Cash flows from investing activities: | | |
| Proceeds from sales of investments | 11,000 | 212,635 |
| Purchases of investments | (2,345,746) | (236,332) |
| Purchases of property and equipment | (89,846) | (88,020) |
| Net cash used in investing activities | <u>(2,424,592)</u> | <u>(111,717)</u> |
| Change in cash and cash equivalents | (1,752,345) | 643,560 |
| Cash and cash equivalents - July 1 | <u>2,547,637</u> | <u>1,904,077</u> |
| Cash and cash equivalents - June 30 | <u>\$ 795,292</u> | <u>\$ 2,547,637</u> |

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

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 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 conform 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) 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 - Funds that are undesignated and available for the ongoing activities and working capital needs of the Organization.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

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

[2] Financial reporting: (continued)

(d) Net assets: (continued)

(i) *Unrestricted: (continued)*

Board-designated fund - Fund that is 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 have 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.

(e) 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.

[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 comprised 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.

[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 \$108,000 and \$100,000 for fiscal-years 2010 and 2009, respectively.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

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

[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:

In fiscal-year 2009, the Organization adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. The adoption has not had, and is not expected to have, a material impact on the Organization's financial statements.

[9] Fair-value measurement:

In fiscal-year 2009, the Organization adopted ASC 820-10-05 relating to fair-value measurement. Accordingly, the Organization reports a fair-value measurement of all applicable financial assets and liabilities (see Note D).

[10] Endowment funds:

The Organization reports all applicable disclosures to its board-designated funds treated as endowment (see Note L).

[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.

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:

| | <u>June 30,</u> | |
|--|----------------------------|----------------------------|
| | <u>2010</u> | <u>2009</u> |
| Less than one year | \$ 1,739,199 | \$ 1,461,463 |
| One to five years | 418,213 | 396,650 |
| | 2,157,412 | 1,858,113 |
| Less discount to present value between 4% and 5% | (19,871) | (24,178) |
| Less allowance for uncollectible amounts | (107,746) | (92,906) |
| | <u>\$ 2,029,795</u> | <u>\$ 1,741,029</u> |

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

NOTE C - INVESTMENTS

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

| | <u>June 30,</u> | |
|-------------------------|--------------------|-------------------|
| | <u>2010</u> | <u>2009</u> |
| Money-market funds | \$ 325,768 | \$ 51,870 |
| Mutual funds: | | |
| Open-end: | | |
| Bond funds | 640,859 | 253,033 |
| Stock funds | 835,992 | 145,499 |
| Closed-end: | | |
| Bond funds | 92,681 | 78,597 |
| Stock funds | 347,274 | |
| Equity securities | | 1,047 |
| Fixed-income securities | <u>562,682</u> | <u>16,415</u> |
| | <u>\$2,805,256</u> | <u>\$ 546,461</u> |

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

| | <u>June 30,</u> | |
|------------------------------------|--------------------|--------------------|
| | <u>2010</u> | <u>2009</u> |
| Interest income | \$ 40,256 | \$ 38,995 |
| Net realized and unrealized losses | <u>(75,951)</u> | <u>(62,410)</u> |
| | <u>\$ (35,695)</u> | <u>\$ (23,415)</u> |

NOTE D - FAIR-VALUE MEASUREMENT

As discussed in Note A[9], the Organization adopted ASC 820-10-05 in 2009 for certain financial assets and liabilities, which among other things, requires enhanced disclosure about assets and liabilities measured at fair value. Accordingly, ASC 820-10-05:

- requires consideration of non-performance risk when valuing liabilities;
- defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair values; and
- establishes a three-level hierarchy for fair value measurement based upon the observability of inputs to the evaluation of an asset or liability as of the measurement date.

ASC 820-10-05 also establishes a three-level valuation hierarchy for fair-value measurements. These valuation techniques are based upon 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 levels:

Level 1 - quoted prices for *identical* instruments in active markets;

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

NOTE D - FAIR-VALUE MEASUREMENT (CONTINUED)

Level 2 - quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations the significant inputs for which are observable; and

Level 3 - Instruments the significant inputs for which are *unobservable*.

The Organization's investments in money-market funds, mutual funds, equity securities, and fixed-income securities are classified entirely within Level 1 because they are valued using quoted prices from a listed exchange.

NOTE E - PROPERTY AND EQUIPMENT

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

| | <u>June 30,</u> | |
|--|-------------------|-------------------|
| | <u>2010</u> | <u>2009</u> |
| Computers | \$ 603,311 | \$ 513,465 |
| Furniture and equipment | 112,198 | 112,198 |
| Leasehold improvements | <u>94,251</u> | <u>94,251</u> |
| | 809,760 | 719,914 |
| Less accumulated depreciation and amortization | <u>(515,018)</u> | <u>(438,503)</u> |
| | <u>\$ 294,742</u> | <u>\$ 281,411</u> |

Depreciation and amortization expense was \$76,515 and \$78,272 for fiscal-years 2010 and 2009, respectively.

NOTE F - SPECIAL EVENTS

Income from the Organization's special events is shown net of direct benefit to donors of \$93,303 and \$101,970 for fiscal-years 2010 and 2009, respectively.

NOTE G - DONATED ASSETS AND SERVICES

Contributed assets are recognized at their fair market values at the dates of donation. Contributions of services are recognized 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.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

NOTE G - DONATED ASSETS AND SERVICES (CONTINUED)

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

| | June 30, | | | | | |
|------------------------|---------------------|-------------------|---------------------|--------------------|-------------------|---------------------|
| | 2010 | | | 2009 | | |
| | Goods | Services | Total | Goods | Services | Total |
| Coat drive | \$ 2,148,326 | | \$ 2,148,326 | \$1,931,870 | | \$ 1,931,870 |
| Project expenses | 265,637 | \$ 250,000 | 515,637 | 134,231 | \$ 259,491 | 393,722 |
| Special event expenses | 267,180 | | 267,180 | 216,831 | | 216,831 |
| Professional fees | | 116,159 | 116,159 | | 150,171 | 150,171 |
| | <u>\$ 2,681,143</u> | <u>\$ 366,159</u> | <u>\$ 3,047,302</u> | <u>\$2,282,932</u> | <u>\$ 409,662</u> | <u>\$ 2,692,594</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 with their mission. These contributed services have not been recognized because they do not meet the criteria for recognition under generally accepted accounting principles.

NOTE H - COMMITMENTS AND CONTINGENCIES

- [1] The Organization leases its office space under a non-cancelable operating lease expiring in 2015. The lease is subject to escalations for the Organization's pro rata share of increases in real estate taxes. Minimum future obligations under the lease, exclusive of required payments for increase in real estate taxes, are as follows:

| Year Ending June 30, | Amount |
|-------------------------|---------------------|
| 2011 | \$ 248,520 |
| 2012 | 254,933 |
| 2013 | 283,981 |
| 2014 | 313,803 |
| 2015 | <u>144,044</u> |
| | <u>\$ 1,245,281</u> |

Rent expense was \$251,952 and \$222,763 for fiscal-years 2010 and 2009, respectively.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

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

| | June 30, | |
|--------------------------|---------------------|---------------------|
| | 2010 | 2009 |
| December coat drive | \$ 457,000 | \$ 256,000 |
| Winter benefit | 34,500 | 51,000 |
| SAT-preparation programs | | 20,000 |
| Other programs | 100,000 | 212,500 |
| Capital project | | 50,000 |
| Time restrictions | <u>1,690,049</u> | <u>1,225,959</u> |
| | <u>\$ 2,281,549</u> | <u>\$ 1,815,459</u> |

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

| | Year Ended June 30, | |
|--------------------------|---------------------|-------------------|
| | 2010 | 2009 |
| December coat drive | \$ 131,000 | \$ 123,500 |
| Winter benefit | 16,500 | 17,000 |
| SAT-preparation programs | 26,500 | 35,000 |
| Other programs | 112,500 | |
| Capital project | 50,000 | 22,225 |
| Children's education | | 20,000 |
| Time restrictions | <u>879,125</u> | <u>758,483</u> |
| | <u>\$ 1,215,625</u> | <u>\$ 976,208</u> |

NOTE J - 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 Department of Labor guidelines. This is a salary deferral plan that contains no provision for either Organization contributions or a match of employee salary-reductions by the Organization.

NOTE K - 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.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2010 and 2009

NOTE L - ENDOWMENT

[1] Board-designated fund:

As discussed in Note A[10] the Organization has a fund consisting solely of resources designated by the Board of Directors to function as endowment and represented by the Organization's investments. Changes in the endowment net assets for the fiscal-years ended June 30, 2010 and 2009 are as follows:

| | Year Ended June 30, | |
|--|---------------------|-------------------|
| | 2010 | 2009 |
| Board-designated fund, beginning of year | \$ 545,415 | \$ 597,010 |
| Transfer from operating account | 2,000,000 | |
| Investment return: | | |
| Net realized and unrealized losses | <u>(60,516)</u> | <u>(51,595)</u> |
| Board-designated fund, end of year | <u>\$ 2,484,899</u> | <u>\$ 545,415</u> |

[2] 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 programs of the Organization. The Organization does not have a spending policy.