

EISNERAMPER

NEW YORK CARES, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 and 2017

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LLP



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of New York Cares, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2018 and 2017, 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

The Organization's management is responsible for the preparation and fair presentation of the 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Cares, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
April 9, 2019



NEW YORK CARES, INC.**Statements of Financial Position**

	September 30,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 2,801,111	\$ 958,973
Pledges receivable, net	1,954,045	1,410,067
Investments	4,167,382	4,056,495
Prepaid expenses	444,763	282,477
Other receivables	209,592	
Restricted cash and cash equivalents		218,116
Property and equipment, net	<u>165,198</u>	<u>215,721</u>
	<u>\$ 9,742,091</u>	<u>\$ 7,141,849</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 368,682	\$ 380,310
Refundable advances		63,016
Deferred rent obligation	415,988	462,672
Deferred revenue	<u>118,000</u>	<u>-</u>
Total liabilities	<u>902,670</u>	<u>905,998</u>
Commitments (Note G)		
Net assets:		
Net assets without donor restrictions:		
Undesignated, available for general operations	2,300,187	1,279,722
Board-designated endowment fund	<u>3,846,996</u>	<u>3,735,476</u>
Total net assets without donor restrictions	6,147,183	5,015,198
Net assets with donor restrictions	<u>2,692,238</u>	<u>1,220,653</u>
Total net assets	<u>8,839,421</u>	<u>6,235,851</u>
	<u>\$ 9,742,091</u>	<u>\$ 7,141,849</u>

NEW YORK CARES, INC.

Statements of Activities

	Year Ended September 30,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions and grants:						
Foundations	\$ 656,500	\$ 477,167	\$ 1,133,667	\$ 659,750		\$ 659,750
Corporations	3,321,587	2,047,383	5,368,970	3,127,346	\$ 1,302,092	4,429,438
Government	173,857	120,435	294,292	212,225	50,000	262,225
Individuals	1,194,244	328,671	1,522,915	1,411,647	284,750	1,696,397
Special events, (net of direct benefit to donors of \$183,824 and \$162,206 in 2018 and 2017 respectively)	1,586,384	825,308	2,411,692	1,405,448	211,624	1,617,072
Investment income, net	89,094		89,094	69,692		69,692
Earned revenue	3,900		3,900	63,100		63,100
Other income	251,133		251,133	17,112		17,112
Public support and revenue before donated goods and services	7,276,699	3,798,964	11,075,663	6,966,320	1,848,466	8,814,786
Donated goods and services (Note E)	2,298,003		2,298,003	2,341,408		2,341,408
Total public support and revenue before net assets released from restrictions	9,574,702	3,798,964	13,373,666	9,307,728	1,848,466	11,156,194
Net assets released from restrictions	2,327,379	(2,327,379)	0	1,988,949	(1,988,949)	0
Total public support and revenue	11,902,081	1,471,585	13,373,666	11,296,677	(140,483)	11,156,194
Expenses:						
Program services	8,835,513		8,835,513	9,188,349		9,188,349
Management and general	638,287		638,287	712,588		712,588
Fund-raising	1,333,125		1,333,125	1,260,811		1,260,811
Total expenses	10,806,927		10,806,927	11,161,748		11,161,748
Other changes:						
Net realized and unrealized gains on investments	36,831		36,831	96,283		96,283
Change in net assets	1,131,985	1,471,585	2,603,570	231,212	(140,483)	90,729
Net assets - beginning of year	5,015,198	1,220,653	6,235,851	4,783,986	1,361,136	6,145,122
Net assets - end of year	\$ 6,147,183	\$ 2,692,238	\$ 8,839,421	\$ 5,015,198	\$ 1,220,653	\$ 6,235,851

See notes to financial statements.

NEW YORK CARES, INC.

Statements of Functional Expenses

	Year Ended September 30,											
	2018					2017						
	Volunteer Program	General and Administration	Fund-Raising	Direct Benefit to Donors	Total Supporting Services	Total	Volunteer Program	General and Administration	Fund-Raising	Direct Benefit to Donors	Total Supporting Activities	Total
Project expenses	\$ 4,240,282					\$ 4,240,282	\$ 4,258,691					\$ 4,258,691
Salaries	2,674,775	\$ 427,482	\$ 595,702		\$ 1,023,184	\$ 3,697,959	3,012,199	\$ 468,398	\$ 699,405		\$ 1,167,803	4,180,002
Payroll taxes and employee benefits	628,119	71,108	116,708		187,816	815,935	729,630	79,519	138,878		218,397	948,027
Rent and related expenses	523,602	44,880	29,920		74,800	598,402	528,206	45,275	30,183		75,458	603,664
Technology and telecommunications	181,296	19,072	18,109		37,181	218,477	156,516	17,070	14,683		31,753	188,269
Printing and reproduction	59,374	4,978	14,933		19,911	79,285	58,343	4,805	12,381		17,186	75,529
Professional fees	269,660	53,950	143,575		197,525	467,185	145,864	47,507	84,364		131,871	277,735
Outreach	76,724		9,503		9,503	86,227	109,297		10,113		10,113	119,410
Processing fees			87,462		87,462	87,462			80,690		80,690	80,690
Postage and shipping	14,401	1,235	2,360		3,595	17,996	26,485	2,207	4,411		6,618	33,103
Operations and office expenses	61,847	6,536	189,821		196,357	258,204	92,755	9,193	82,049		21,896	183,997
Special event expenses			107,758		107,758	107,758			94,463		94,463	94,463
Direct benefit to donors				\$ 183,824	183,824	183,824				162,206	162,206	162,206
Insurance	58,765	5,042	9,629		14,671	73,436	22,771	34,646	1,265		35,911	58,682
Total expenses before depreciation and amortization	8,788,845	634,283	1,325,478	183,824	2,143,587	10,932,432	9,140,757	708,620	1,252,885	162,206	2,123,712	11,264,468
Depreciation and amortization	46,668	4,004	7,647		11,651	58,319	47,592	3,968	7,926		11,893	59,486
	8,835,513	638,287	1,333,125	183,824	2,155,238	10,990,751	9,188,349	712,588	1,260,811	162,206	162,206	11,323,954
Less: Direct benefit to donors				(183,824)	(183,824)	(183,824)				(162,206)	(162,206)	(162,206)
Total expenses	\$ 8,835,513	\$ 638,287	\$ 1,333,125	\$ 0	\$ 1,971,414	\$ 10,806,927	\$ 9,188,349	\$ 712,588	\$ 1,260,811	\$ 0	\$ 1,973,399	\$ 11,161,748

See notes to financial statements.

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

	Year Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 2,603,570	\$ 90,729
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	58,319	59,486
Bad debts expense	179,877	69,347
Net realized and unrealized gains on investments	(36,831)	(96,283)
Changes in:		
Pledges receivable, net	(723,855)	(162,950)
Other receivables	(209,592)	136,870
Prepaid expenses	(162,286)	4,941
Accounts payable and accrued expenses	(11,628)	60,764
Refundable advances	(63,016)	63,016
Deferred rent obligation	(46,684)	(33,134)
Deferred revenue	118,000	-
Net cash provided by operating activities	<u>1,705,874</u>	<u>192,786</u>
Cash flows from investing activities:		
Purchases of investments	(286,622)	(4,199,445)
Proceeds from sales of investments	212,566	4,127,640
Purchases of property and equipment	(7,796)	-
Net cash used in investing activities	<u>(81,852)</u>	<u>(71,805)</u>
Change in cash, cash equivalents and restricted cash	1,624,022	120,981
Cash, cash equivalents, and restricted cash, beginning of year	<u>1,177,089</u>	<u>1,056,108</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,801,111</u>	<u>\$ 1,177,089</u>
Supplemental disclosure of cash flow information:		
Noncash donations of goods and services	<u>\$ 2,298,003</u>	<u>\$ 2,341,408</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

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 and/or contributors each year through (i) a wide variety of hands-on, monthly, volunteer projects, and (ii) annual events (such as New York Cares Day and the New York Cares Coat Drive). 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 corporations, 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] Basis of accounting:

The 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 ("U.S. GAAP"), as applicable to not-for-profit entities.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenues and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash, cash equivalents, and restricted cash:

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. For fiscal-year 2017, the cash balance of \$218,116 was reported as restricted cash in the statements of financial position in lieu of a security deposit for the lease of the Organization's office space (see Note G[1]). In accordance with the lease agreement, the restricted cash balance was transferred from the escrow account to be held as a security deposit and as such, it is included in prepaid expense in the statement of financial position as of September 30, 2018.

[5] Investments:

The Organization's investments in open-end and closed-end mutual funds are reported at their fair values in the statements of financial position based on quoted market prices. Cash equivalents held as part of the investment portfolio are also included in the balances reported as investments.

The Organization's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

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

[5] Investments: (continued)

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is restricted on a temporary or permanent basis through donor stipulation. Realized gains and losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

The Organization's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the services of the investment manager. The balances of investment management fees disclosed in Note C are those specific fees charged by the Organization's investment manager in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

[6] Property and equipment:

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation net of accumulated depreciation and amortization. The Organization capitalizes items of property and equipment that have a cost of \$1,000 or more and useful lives greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over a period of three to ten years for computers and, furniture and equipment. Amortization of leasehold improvements is provided using the straight-line method over the terms of the lease, or the useful lives of the improvements, whichever is shorter. Amortization of website cost is provided using the straight line method over three years.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2018 and 2017, respectively, and, in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Accrued vacation:

Accrued vacation represents the Organization's obligation for the cost of unused employee vacation time payable in the event that all employees left the Organization; the obligation is recalculated every year. As of September 30, 2018 and 2017, the accrued vacation obligation was approximately \$85,000 and \$76,000, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

[8] Deferred rent obligation:

Rent expense is recognized using the straight-line method over the term of the lease. The difference between rent expense incurred and the rental amounts actually paid, which is attributable to scheduled rent increases and a rent abatement, is reported as a deferred rent obligation in the statements of financial position.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

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

[9] Net assets:

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

(i) *Net Assets Without Donor Restrictions:*

Net assets without donor restrictions, referred to in prior years as unrestricted, represent those resources for which there are no restrictions by donors as to their use and are categorized as follows:

- Undesignated, available for general operations - undesignated and available for the ongoing activities and working capital needs of the Organization.
- Board-designated endowment fund - designated by the Board of Directors to function as an endowment.

(ii) *Net Assets With Donor Restrictions:*

Net assets with donor restrictions, referred to in prior years as temporarily restricted, represent those resources the use of which has been restricted by donors to specific purposes and or the passage of time. The release of net assets from restrictions results from the satisfaction of the restricted purposes specified by the donors or the passage of time.

[10] Revenue recognition:

(i) *Contributions, grants and pledges:*

Contributions and grants received in support of current operations are reported as "without donor restrictions" in the statements of activities. Contributions which support future operations or donor-restricted purposes are reported as "with donor restrictions". Contributions to the Organization are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions to be received after one year are discounted at an appropriate interest rate, commensurate with the risk involved.

(ii) *Special events:*

The Organization conducts special events for which the food and beverages may be donated. A portion of the gross proceeds paid by the attendees represents payment for the direct cost of the benefits received by the attendees at the event. Such special-event income is reported net of the direct cost of the event that is attributable to the benefit that the donors receive.

(iii) *Earned revenue:*

Earned revenue represents income received by the Organization related to monies collected from the Volunteer Impact Program run by the Organization.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

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

[11] Functional allocation of expenses:

The Organization's financial statements report certain categories of expenses that are attributable to program and supporting services of the Organization. These costs have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present expenses by function and natural classification. Accordingly, certain costs that are directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Within program expenses are project expenses that relate to the cost of supplies for the various volunteer projects. The expenses that are allocated include rent and related expenses and insurance which have been allocated on a square-footage basis. Technology and telecommunications, printing and reproduction and operation and office expenses, have been allocated on the basis of utilization of resources by department, whereas salaries, benefits and taxes are allocated on the basis of estimates of time and effort.

[12] Income taxes:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Organization's financial statements.

[13] Reclassification:

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

[14] Subsequent events:

The Organization evaluated subsequent events through April 9, 2019, the date on which the financial statements were available to be issued.

NOTE B - PLEDGES RECEIVABLE

At each fiscal year-end, pledges receivable consisted of the following:

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
Less than one year	\$ 1,826,202	\$ 1,349,790
One to five years	<u>230,000</u>	<u>140,000</u>
	2,056,202	1,489,790
Less: discount to present value of 2.5%	(10,854)	(5,244)
Less: allowance for uncollectible amounts	<u>(91,303)</u>	<u>(74,479)</u>
	<u>\$ 1,954,045</u>	<u>\$ 1,410,067</u>

An allowance for uncollectible pledges receivable is provided, using management's judgment of potential defaults, which considers factors such as the prior-collection history, the type of contribution, and the nature of fund-raising activity.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	September 30,			
	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 320,386	\$ 320,386	\$ 315,651	\$ 315,651
Mutual funds:				
Open-end:				
Bond funds	3,070,811	3,150,032	2,909,830	2,897,455
Closed-end:				
Stock funds	<u>776,185</u>	<u>593,624</u>	<u>831,014</u>	<u>731,639</u>
	<u>\$ 4,167,382</u>	<u>\$ 4,064,042</u>	<u>\$ 4,056,495</u>	<u>\$ 3,944,745</u>

At September 30, 2018 and 2017, respectively, the Organization's investment in excess of 10% of the fair values of its portfolio included approximately: (i) 74% and 72% invested in open-end bond funds; (ii) 19% and 20% invested in closed-end stock funds; and (iii) 17% and 9% invested in money market funds.

During each fiscal year, investment earnings consisted of the following:

	Year Ended September 30,	
	2018	2017
Interest and dividends	\$ 103,108	\$ 79,943
Investment fees	<u>(14,014)</u>	<u>(10,251)</u>
Total investment income	<u>89,094</u>	<u>69,692</u>
Unrealized losses	(8,410)	(134,518)
Realized gains	<u>45,241</u>	<u>230,801</u>
Total unrealized and realized	<u>36,831</u>	<u>96,283</u>
Total investment return	<u>\$ 125,925</u>	<u>\$ 165,975</u>

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of 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 hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

NOTE C - INVESTMENTS (CONTINUED)

Level 3: Valuations are based on pricing inputs that are unobservable and includes situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The availability of market data is monitored by the Organization's to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During fiscal-years 2018 and 2017, there were no transfers between the fair-value hierarchy levels.

The following table summarizes the fair values of the Organization's investments at each fiscal-year, in accordance with the ASC Topic 820 fair-value levels:

	September 30,			
	2018		2017	
	Level 1	Total	Level 1	Total
Money-market funds	\$ 320,386	\$ 320,386	\$ 315,651	\$ 315,651
Mutual funds	<u>3,846,996</u>	<u>3,846,996</u>	<u>3,740,844</u>	<u>3,740,844</u>
	<u>\$4,167,382</u>	<u>\$4,167,382</u>	<u>\$4,056,495</u>	<u>\$4,056,495</u>

NOTE D - PROPERTY AND EQUIPMENT

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

	September 30,	
	2018	2017
Computers	\$ 273,874	\$ 266,078
Furniture and equipment	120,630	120,630
Leasehold improvements	347,786	347,786
Website	<u>149,600</u>	<u>149,600</u>
	891,890	884,094
Less: accumulated depreciation and amortization	<u>(726,692)</u>	<u>(668,373)</u>
	<u>\$ 165,198</u>	<u>\$ 215,721</u>

NOTE E - DONATED GOODS AND SERVICES

For recognition of donated goods and services in the Organization's financial statements, such goods or services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill and (ii) be provided by individuals possessing these skills. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the accompanying statements of activities.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

NOTE E - DONATED GOODS AND SERVICES (CONTINUED)

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

	September 30,					
	2018			2017		
	Goods	Services	Total	Goods	Services	Total
Coat Drive	\$ 2,073,530		\$ 2,073,530	\$ 2,122,030		\$ 2,122,030
Project expenses		\$ 120,053	120,053		\$ 120,053	120,053
Special-event expenses	14,922		14,922	11,894		11,894
Professional fees		89,498	89,498		87,431	87,431
	<u>\$ 2,088,452</u>	<u>\$ 209,551</u>	<u>\$ 2,298,003</u>	<u>\$ 2,133,924</u>	<u>\$ 207,484</u>	<u>\$ 2,341,408</u>

Donated project revenues and expenses consisted primarily of warehouse space and software licenses. Donated special-event expenses consisted primarily of food and beverages used during events. Donated professional fees consisted of legal services.

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

NOTE F - DAYS OF SERVICE

During fiscal-years 2018 and 2017, respectively, corporate sponsors funded approximately \$1,274,000 and \$1,061,000 in program-related supplies and expenses that benefit the Organization's community partners. The Organization requires the funding for these supplies and expenses to be received from corporate sponsors in advance of the projects for which they are incurred. However, in rare cases, the Organization may incur expenses related to a project prior to receiving this funding. When this occurs, the Organization creates a receivable position and works with the sponsor to ensure that these funds are collected before additional projects can be planned and executed. 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. As of September 30, 2018 the remaining balance of \$209,592 was recognized as other receivables on the statements of financial position. At September 30, 2017, \$63,016 was recognized as a refundable advance on the statements of financial position.

NOTE G - COMMITMENTS

[1] Operating lease:

During fiscal-year 2013, the Organization entered into an eleven-year, non-cancelable agreement to lease office space located at 65 Broadway in New York City.

The Organization's lease agreement is subject to rent escalations, and as described in Note A[8], a deferred rent obligation was formed. Minimum future obligations under the non-cancelable operating lease, exclusive of required payments for real estate taxes, are as follows:

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

NOTE G - COMMITMENTS (CONTINUED)

[1] Operating lease: (continued)

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 569,467
2020	583,704
2021	598,297
2022	613,254
2023	<u>468,511</u>
	<u>\$ 2,833,233</u>

Rental expense was approximately \$509,000 for both fiscal-years 2018 and 2017, respectively.

[2] Other contracts:

In the normal course of business, the Organization enters into various contracts for professional and other services, all of which are typically renewable on a year-to-year basis.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
Subject to the passage of time	\$ 1,481,635	\$ 961,704
Subject to expenditure for specified purposes:		
Winter benefit	852,932	226,624
Winter wishes	50,000	250
New York Cares day	123,695	
New York City Marathon	23,546	
Cash for coats	135,000	
December coat drive	15,430	500
Family Fund	<u>10,000</u>	<u>31,575</u>
	<u>\$ 2,692,238</u>	<u>\$ 1,220,653</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS: (CONTINUED)

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

	Year Ended September 30,	
	2018	2017
Expiration of time restrictions	\$ 836,703	\$ 652,767
Satisfaction of purpose restrictions:		
Winter benefit	184,000	224,250
Winter wishes	250	50,000
Children's education		1,000
Cash for coats	28,418	
December coat drive	3,658	
Days of service	<u>1,274,350</u>	<u>1,060,932</u>
	<u>\$ 2,327,379</u>	<u>\$ 1,988,949</u>

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position, reduced by amounts not available for general use within one year of September 30, 2018 and 2017 because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board for growth and sustainability of the Organization that could be drawn upon if the Board of Directors approves the action.

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	Year Ended September 30,	
	2018	2017
Cash, and cash equivalents available to be spent	\$ 2,801,111	\$ 958,973
Pledges receivable, net	1,954,045	1,410,067
Other receivable	209,592	
Short term investments	<u>4,167,382</u>	<u>4,056,495</u>
Total financial assets available within one year	<u>9,132,130</u>	<u>6,425,535</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with:		
Time restrictions	(1,481,635)	(961,704)
Purpose restrictions	<u>(1,210,603)</u>	<u>(258,949)</u>
Total amounts unavailable for general expenditure within one year	<u>(2,692,238)</u>	<u>(1,220,653)</u>
Amounts unavailable to management without Board's approval:		
Board's designated endowment fund	<u>(3,846,996)</u>	<u>(3,735,476)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,592,896</u>	<u>\$ 1,469,406</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity policy:

As part of the Organization's liquidity management, the Organization maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a Board designated endowment fund, whereby amounts could be made available for current operations, if necessary, however the Organization does not intend to spend this fund for purposes other than those identified.

NOTE J - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] Net Assets Without Donor Restrictions (Board-Designated Endowment Funds):

The Board of Directors of the Organization has a board policy that affects the presentation of board designation on net assets. The Board-designated endowment fund consists solely of resources designated by the Board of Directors to be used for growth and sustainability of the Organization.

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

	Without donor restrictions	
	Year Ended	
	September 30,	
	2018	2017
Board-designated fund, beginning of year	<u>\$ 3,735,476</u>	<u>\$ 3,200,471</u>
Investment return:		
Dividend income, net	93,328	76,690
Net realized and unrealized appreciation	<u>36,831</u>	<u>96,283</u>
Total investment return	130,159	172,973
Transfer, net	<u>(18,639)</u>	<u>362,032</u>
Board-designated fund, end of year	<u>\$ 3,846,996</u>	<u>\$ 3,735,476</u>

[3] Return objectives and strategies employed for achieving objectives:

The Organization has adopted an investment policy for its endowment assets that attempts to provide a predictable stream of funding for the future needs and goals of the Organization. Endowment assets are invested in a diversified manner, so that up to 50% is invested in equities and the balance is invested in high-quality bonds and other fixed-income securities, to maximize return with a low risk.

[4] Spending policy:

The Organization has a policy of appropriating for distribution each year up to 5% of the total value of the funds, averaged over the year. If the total return in a single year is less than or equal to 5% of the corpus, and is greater than zero, the Executive Committee of the Board of Directors may decide to transfer an amount up to the total return for the year. During both fiscal years 2018 and 2017, the Organization did not appropriate from its endowment fund.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2018 and 2017

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 contributions, if any, for all eligible participants. The match contributed by the Organization in fiscal-years 2018 and 2017 was \$38,988 and \$45,607, respectively.

NOTE L - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents in high-credit-quality financial institutions in amounts which, at times, may exceed federally insured limits. The Organization's management believe that there is no substantial risk of loss associated with the failures of these financial institutions.

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