



NEW YORK CARES, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

INDEPENDENT AUDITORS' REPORT

Board of Directors
New York Cares, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New York Cares, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2015, the related statements of activities, functional expenses, and cash flows for the fiscal year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, 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 auditors consider 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, 2015, and the changes in its net assets and its cash flows for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.



New York, New York
March 7, 2016

NEW YORK CARES, INC.

Statement of Financial Position September 30, 2015

ASSETS

Cash and cash equivalents	\$ 1,001,530
Restricted cash and cash equivalents	217,044
Pledges receivable, net	833,328
Investments	3,629,521
Prepaid expenses	327,978
Property and equipment, net	382,503
Other receivables	<u>47,548</u>
	<u>\$ 6,439,452</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 497,826
Deferred rent obligation	<u>515,719</u>
Total liabilities	<u>1,013,545</u>

Commitments (Note I)

Net assets:

Unrestricted:

Undesignated, available for general operations	1,378,824
Board-designated endowment fund	<u>3,164,584</u>

Total unrestricted 4,543,408

Temporarily restricted 882,499

Total net assets 5,425,907

\$ 6,439,452

NEW YORK CARES, INC.

Statement of Activities September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Foundations	\$ 860,250		\$ 860,250
Corporations	2,880,226	\$ 1,329,714	4,209,940
Government grants	244,363	15,000	259,363
Individuals	721,864	23,760	745,624
Special events, net	1,307,590	1,251	1,308,841
Investment income	122,088		122,088
Rental income	221,355		221,355
Earned revenue	62,774		62,774
Other income	7,956		7,956
	<u>6,428,466</u>	<u>1,369,725</u>	<u>7,798,191</u>
Public support and revenue before donated goods and services	<u>6,428,466</u>	<u>1,369,725</u>	<u>7,798,191</u>
Donated goods and services (Note F)	<u>2,350,442</u>		<u>2,350,442</u>
	<u>8,778,908</u>	<u>1,369,725</u>	<u>10,148,633</u>
Total public support and revenue before net assets released from restrictions	<u>8,778,908</u>	<u>1,369,725</u>	<u>10,148,633</u>
Net assets released from restrictions	<u>2,101,872</u>	<u>(2,101,872)</u>	<u></u>
	<u>10,880,780</u>	<u>(732,147)</u>	<u>10,148,633</u>
Total public support and revenue	<u>10,880,780</u>	<u>(732,147)</u>	<u>10,148,633</u>
Expenses:			
Program services	8,685,966		8,685,966
Management and general	738,883		738,883
Fund-raising	1,233,840		1,233,840
	<u>10,658,689</u>		<u>10,658,689</u>
Total expenses	<u>10,658,689</u>		<u>10,658,689</u>
Other changes:			
Net realized and unrealized losses on investments	<u>(227,448)</u>		<u>(227,448)</u>
	<u>(5,357)</u>	<u>(732,147)</u>	<u>(737,504)</u>
Change in net assets before disaster relief activities	<u>(5,357)</u>	<u>(732,147)</u>	<u>(737,504)</u>
Disaster relief contributions		32	32
Disaster relief released from restrictions		<u>(255,637)</u>	<u>(255,637)</u>
		<u>(255,605)</u>	<u>(255,605)</u>
Total disaster relief activities		<u>(255,605)</u>	<u>(255,605)</u>
Decrease in net assets after disaster relief activities	<u>(5,357)</u>	<u>(987,752)</u>	<u>(993,109)</u>
Net assets - October 1	<u>4,548,765</u>	<u>1,870,251</u>	<u>6,419,016</u>
Net assets - September 30	<u>\$ 4,543,408</u>	<u>\$ 882,499</u>	<u>\$ 5,425,907</u>

NEW YORK CARES, INC.**Statement of Functional Expenses
September 30, 2015**

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Project expenses	\$ 3,834,962			\$ 3,834,962
Salaries	3,033,254	\$ 476,826	\$ 686,272	4,196,352
Payroll taxes and employee benefits	678,912	85,254	118,931	883,097
Rent and related expenses	606,471	62,611	81,272	750,354
Technology and telecommunications	132,752	13,705	17,790	164,247
Printing and reproduction	61,157	6,314	10,635	78,106
Professional fees	172,353	40,710	8,477	221,540
Outreach	136,548		49,104	185,652
Processing fees			90,938	90,938
Postage and shipping	24,070	2,485	3,225	29,780
Operations and office expenses	101,934	34,543	3,458	139,935
Special event expenses			142,405	142,405
Insurance	48,257	4,982	6,467	59,706
	8,830,670	727,430	1,218,974	10,777,074
Total expenses before depreciation and amortization				
Depreciation and amortization	110,933	11,453	14,866	137,252
Total expenses	<u>\$ 8,941,603</u>	<u>\$ 738,883</u>	<u>\$ 1,233,840</u>	<u>\$10,914,326</u>

The amounts above include expenses incurred for ongoing operations as well as disaster relief efforts.

NEW YORK CARES, INC.

Statements of Cash Flows September 30, 2015

Cash flows from operating activities:

Decrease in net assets	\$ (993,109)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation and amortization	137,252
Reduction of allowance doubtful accounts	(9,249)
Change in reserve for allowance	31,013
Net realized and unrealized losses on investments	227,448
Changes in:	
Pledges receivable	567,328
Prepaid expenses and other assets	(30,386)
Other receivables	36,738
Accounts payable and accrued expenses	(48,173)
Deferred rent	<u>(49,300)</u>
Net cash used in operating activities	<u>(130,438)</u>

Cash flows from investing activities:

Purchases of investments	(1,129,879)
Proceeds from sales of investments	<u>1,026,031</u>
Net cash used in investing activities	<u>(103,848)</u>

Decrease in cash and cash equivalents

Cash and cash equivalents - October 1	(234,286)
	<u>1,452,860</u>

Cash and cash equivalents - September 30

\$ 1,218,574

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

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, (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 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 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 organizations.

[3] 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 commitments. Actual results may differ from those estimates.

[4] 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.

[5] Cash and cash equivalents:

For purposes of the accompanying statements of cash flows, the Organization considers all highly liquid investments, with a maturity of a year 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 in lieu of a security deposit for the Organization's new office space. \$217,044 of cash is restricted as it is held as security for a rental lease (see Note I).

[6] Investments:

Investments in marketable securities are stated at their fair values at fiscal year-end. Donated securities are recorded at the value for which they are sold, as 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 when earned. Mutual funds are composed of open-end and closed-end funds, trading in both debt and equity securities.

Investment expenses include the bank custody fees and investment subscription fees. Investment fees of approximately \$16,000 were paid during fiscal-year 2015.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

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

[7] 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. The Organization capitalizes items of property and equipment that have a cost of \$1,000 or more and useful lives greater than one year. Depreciation is provided using the straight-line method over three to ten years, the estimated useful lives of the related assets. Amortization of leasehold improvements is provided using the straight-line method over the term of the leases.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2015, 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.

[8] Accrued vacation:

Accrued vacation is included as a liability in the accompanying financial statements and 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, 2015, the accrued vacation obligation was approximately \$83,000, and it was reported as part of accounts payable and accrued expenses in the accompanying statement of financial position.

[9] Deferred rent obligation:

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

[10] 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 donors.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

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

[11] Contributions:

Contributions made in support of current operations are recognized as unrestricted contributions in the accompanying statement 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.

[12] Rental income:

The Organization leases space to an unrelated party in accordance with a signed lease agreement (see related Note I). Rental income is recognized in accordance with the lease agreement.

[13] Income tax uncertainties:

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.

[14] Fair-value measurement:

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

[15] Endowment funds:

The Organization reports all applicable disclosures to its Board-designated fund treated as endowment.

[16] Subsequent events:

The Organization considers the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after September 30, 2015 through March 7, 2016, the date the financial statements were available to be issued.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable consist substantially of promises to give from individuals, corporations and foundations. At September 30, 2015, pledges receivable were due to be collected as follows:

Less than one year	\$ 778,873
One to five years	<u>102,000</u>
	880,873
Less discount to present value 4%	(3,678)
Less allowance for uncollectible amounts	<u>(43,867)</u>
	<u>\$ 833,328</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

NOTE C - INVESTMENTS

At September 30, 2015, investments consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money-market funds	\$ 293,849	\$ 293,849
Mutual funds:		
Open-end:		
Bond funds	2,524,758	2,567,671
Closed-end:		
Stock funds	487,627	350,091
Fixed-income securities	<u>323,287</u>	<u>305,897</u>
	<u>\$ 3,629,521</u>	<u>\$ 3,517,508</u>

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

Interest and dividends	\$ 122,088
Net unrealized losses	(270,727)
Realized gains	<u>43,279</u>
Net return on investment	<u>\$ (105,360)</u>

The FASB's ASC Topic 820, *Fair Value Measurements and Disclosures*, 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 the same or identical assets and liabilities 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. Level 2 assets include those investments, or similar investments, that are redeemable at or near the statement of financial position date and for which a model was derived for valuation.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The availability of market data is monitored 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. For fiscal-year 2015, there were no transfers between the fair-value hierarchy levels.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

NOTE C - INVESTMENTS (CONTINUED)

The following table summarizes the fair values of the Organization's assets at September 30, 2015, in accordance with the ASC Topic 820 fair-value levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money-market funds	\$ 293,849		\$ 293,849
Mutual funds	3,012,385		3,021,385
Fixed-income securities		\$ 323,287	323,287
Total	<u>\$ 3,306,234</u>	<u>\$ 323,287</u>	<u>\$ 3,629,521</u>

NOTE D - PROPERTY AND EQUIPMENT

At September 30, 2015, property and equipment consisted of the following:

Computers	\$ 266,078
Furniture and equipment	120,630
Leasehold improvements	347,786
Website	<u>149,600</u>
	884,094
Less: accumulated depreciation and amortization	<u>(501,591)</u>
	<u>\$ 382,503</u>

Depreciation and amortization expense was \$137,252 for fiscal-year 2015.

NOTE E - SPECIAL EVENTS

For fiscal-year 2015, income from the Organization's special events is reported net of direct benefit to donors of \$184,660 in the accompanying statement of activities.

NOTE F - 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 or (ii) be performed by individuals possessing those skills, and (iii) typically need to be acquired if not provided by donation. 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 statement of activities.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

NOTE F - DONATED GOODS AND SERVICES (CONTINUED)

At September 30, 2015, the fair value of donated goods and services was as follows:

	<u>Goods</u>	<u>Services</u>	<u>Total</u>
Coat Drive	\$ 2,143,141		\$ 2,143,141
Project expenses		\$ 108,387	108,387
Special-event expenses	32,136		32,136
Professional fees		<u>66,778</u>	<u>66,778</u>
	<u>\$ 2,175,277</u>	<u>\$ 175,165</u>	<u>\$ 2,350,442</u>

Donated project revenues and expenses consisted primarily of software licenses. Donated special-event expenses consisted primarily of food and beverages used during events. Donated professional fees consist 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-year 2015, corporate sponsors funded approximately \$1,002,372, 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, 2015, the remaining balance of \$47,548 was recognized as a receivable on the statement of financial position.

NOTE H - SANDY RELIEF PROJECT

During fiscal-year 2013, the Organization created a new program to coordinate its Hurricane Sandy Disaster Relief Effort in response to the major storm, which affected several communities in the New York City area. The remaining balance of \$255,637 was released during fiscal-year 2015 as the project was completed. Funding for this effort was received from individuals, corporate sponsors, and foundations, as well as from events held by concerned individuals and organizations located in areas impacted by the storm (see Note J).

NOTE I - COMMITMENTS

[1] Leases:

The Organization entered into an eleven-year, non-cancelable agreement to lease office space located at 65 Broadway in New York City, and sublet a portion of its prior office space located at 214 West 29th Street, under the terms of a lease that expired in April 2015. The Organization also sublets a portion of its current office space with an agreement due to expire in May 2016. Rental income from the sublet spaces amounted to \$221,355 in fiscal-year 2015.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

NOTE I - COMMITMENTS (CONTINUED)

[1] Leases: (continued)

The Organization's lease agreements are subject to rent escalations, and as described in Note A [9], a deferred rent obligation is formed. Minimum future obligations under the non-cancelable operating leases, exclusive of required payments for real estate taxes, are as follows:

<u>Year</u>	<u>65 Broadway</u>
2016	\$ 528,807
2017	542,027
2018	555,578
2019	569,467
2020	583,704
Thereafter	<u>1,680,062</u>
	<u>\$ 4,459,645</u>

Rental and maintenance expense was approximately \$626,000 during fiscal-year 2015.

[2] Other contracts:

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

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2015, temporarily restricted net assets consisted of the following:

Winter benefit	\$ 33,000
Time restrictions	824,739
New York Cares day	23,760
Children's education	<u>1,000</u>
	<u>\$ 882,499</u>

During fiscal-year 2015, net assets released from restrictions were for the following purposes:

Winter benefit	\$ 132,500
Time restrictions	867,000
Sandy relief project	255,637
Day of service	1,002,372
December coat drive	25,000
Winter Wishes	50,000
Volunteer relations	<u>25,000</u>
	<u>\$ 2,357,509</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2015

NOTE K - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] Board-designated fund:

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

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

Board-designated fund, beginning of year	\$ 3,427,003
Investment return:	
Dividend income	8,308
Net unrealized depreciation	<u>(270,727)</u>
Total investment return	<u>(262,419)</u>
Board-designated fund, end of year	<u>\$ 3,164,584</u>

[3] Investment objectives and spending policy:

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.

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 may decide to transfer up to the total return for the year.

NOTE L - 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. The cost of matching employee contributions amounted to \$64,040 for fiscal-year 2015.

NOTE M - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and investments in high-credit-quality financial institutions in amounts which, at times, may exceed federally insured limits. Management does not believe that the Organization is exposed to any significant risk of loss related to the failures of these financial institutions.