

EISNERAMPER

NEW YORK CARES, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 and 2018



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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 entity'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 entity'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, 2019 and 2018, 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 7, 2020



NEW YORK CARES, INC.

Statements of Financial Position

	September 30,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 2,241,936	\$ 2,801,111
Pledges receivable, net	2,265,088	1,954,045
Other receivables	372,722	209,592
Investments	4,428,108	4,167,382
Prepaid expenses	469,498	444,763
Property and equipment, net	<u>119,580</u>	<u>165,198</u>
Total assets	<u>\$ 9,896,932</u>	<u>\$ 9,742,091</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 595,437	\$ 368,682
Deferred revenue	38,025	118,000
Deferred rent obligation	<u>355,414</u>	<u>415,988</u>
Total liabilities	<u>988,876</u>	<u>902,670</u>
Commitments and Contingency (Notes G and M)		
Net assets:		
Without donor restrictions:		
Undesignated, available for general operations	\$ 2,783,095	\$ 2,300,187
Board-designated endowment fund	<u>4,100,484</u>	<u>3,846,996</u>
Total net assets without donor restrictions	<u>6,883,579</u>	<u>6,147,183</u>
With donor restrictions:		
Purpose restrictions	436,689	1,210,603
Time-restricted for future periods	<u>1,587,788</u>	<u>1,481,635</u>
Total net assets with donor restrictions	<u>2,024,477</u>	<u>2,692,238</u>
Total net assets	<u>8,908,056</u>	<u>8,839,421</u>
Total liabilities and net assets	<u>\$ 9,896,932</u>	<u>\$ 9,742,091</u>

See notes to financial statements.

NEW YORK CARES, INC.

Statements of Activities

	Year Ended September 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions and grants:						
Foundations	\$ 580,583	\$ 553,667	\$ 1,134,250	\$ 656,500	\$ 477,167	\$ 1,133,667
Corporations	3,095,063	2,020,025	5,115,088	3,321,587	2,047,383	5,368,970
Government	238,980	107,917	346,897	173,857	120,435	294,292
Individuals	1,238,158	144,741	1,382,899	1,194,244	328,671	1,522,915
Special events, (net of direct benefit to donors of \$213,999 and \$183,824 in 2019 and 2018, respectively)	922,703	177,428	1,100,131	1,586,384	825,308	2,411,692
Investment income, net	122,118		122,118	89,094		89,094
Earned revenue				3,900		3,900
Other income	3,350		3,350	251,133		251,133
Public support and revenue before donated goods and services	6,200,955	3,003,778	9,204,733	7,276,699	3,798,964	11,075,663
Donated goods and services (Note E)	1,973,658		1,973,658	2,298,003		2,298,003
Total public support and revenue before net assets released from restrictions	8,174,613	3,003,778	11,178,391	9,574,702	3,798,964	13,373,666
Net assets released from restrictions	3,671,539	(3,671,539)	0	2,327,379	(2,327,379)	0
Total public support and revenue	11,846,152	(667,761)	11,178,391	11,902,081	1,471,585	13,373,666
Expenses:						
Program services	9,238,758		9,238,758	8,835,513		8,835,513
Management and general	702,684		702,684	638,287		638,287
Fund-raising	1,333,328		1,333,328	1,333,127		1,333,127
Total expenses	11,274,770		11,274,770	10,806,927		10,806,927
Other changes:						
Net realized and unrealized gains on investments	165,014		165,014	36,831		36,831
Change in net assets	736,396	(667,761)	68,635	1,131,985	1,471,585	2,603,570
Net assets - beginning of year	6,147,183	2,692,238	8,839,421	5,015,198	1,220,653	6,235,851
Net assets - end of year	\$ 6,883,579	\$ 2,024,477	\$ 8,908,056	\$ 6,147,183	\$ 2,692,238	\$ 8,839,421

See notes to financial statements.

NEW YORK CARES, INC.

Statements of Functional Expenses

	Year Ended September 30,									
	2019					2018				
	Program Services	Supporting Services				Program Services	Supporting Services			
	Volunteer Program	General and Administration	Fund-Raising	Total Supporting Services	Total	Volunteer Program	General and Administration	Fund-Raising	Total Supporting Activities	Total
Project expenses	\$ 3,848,542				\$ 3,848,542	\$ 4,240,282				\$ 4,240,282
Salaries	3,279,894	\$ 471,887	\$ 699,380	\$ 1,171,267	4,451,161	2,674,775	\$ 427,482	\$ 595,702	\$ 1,023,184	3,697,959
Payroll taxes and employee benefits	772,839	77,332	128,076	205,408	978,247	628,119	71,108	116,708	187,816	815,935
Rent and related expenses	520,200	44,589	29,726	74,315	594,515	523,602	44,880	29,920	74,800	598,402
Technology and telecommunications	242,250	16,444	20,952	37,396	279,646	181,296	19,072	18,109	37,181	218,477
Printing and reproduction	50,943	3,417	26,116	29,533	80,476	59,374	4,978	14,933	19,911	79,285
Professional fees	211,867	74,103	95,107	169,210	381,077	269,660	53,950	143,575	197,525	467,185
Outreach	100,972		10,023	10,023	110,995	76,724		9,503	9,503	86,227
Telemarketing			63,116	63,116	63,116			87,462	87,462	87,462
Postage and shipping	14,995	1,114	2,048	3,162	18,157	14,401	1,235	2,360	3,595	17,996
Supplies and office expenses	102,631	6,841	114,791	121,632	224,263	61,847	6,536	189,821	196,357	258,204
Catering expenses			345,208	345,208	345,208			291,582	291,582	291,582
Insurance	50,738	3,770	6,928	10,698	61,436	58,765	5,042	9,629	14,671	73,436
Total expenses before depreciation and amortization	9,195,871	699,497	1,541,471	2,240,968	11,436,839	8,788,845	634,283	1,509,304	2,143,587	10,932,432
Depreciation and amortization	42,887	3,187	5,856	9,043	51,930	46,668	4,004	7,647	11,651	58,319
Total expenses	9,238,758	702,684	1,547,327	2,250,011	11,488,769	8,835,513	638,287	1,516,951	2,155,238	10,990,751
Less: Direct benefit to donors			(213,999)	(213,999)	(213,999)			(183,824)	(183,824)	(183,824)
Total expenses per statements of activities	\$ 9,238,758	\$ 702,684	\$ 1,333,328	\$ 2,036,012	\$ 11,274,770	\$ 8,835,513	\$ 638,287	\$ 1,333,127	\$ 1,971,414	\$ 10,806,927

See notes to financial statements.

NEW YORK CARES, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 68,635	\$ 2,603,570
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	51,930	58,319
Bad debt expenses	102,278	179,877
Net realized and unrealized gains on investments	(165,014)	(36,831)
Changes in:		
Pledges receivable, net	(413,321)	(723,855)
Other receivables	(163,130)	(209,592)
Prepaid expenses	(24,735)	(162,286)
Accounts payable and accrued expenses	226,755	(11,628)
Refundable advances		(63,016)
Deferred revenue	(79,975)	118,000
Deferred rent obligation	(60,574)	(46,684)
Net cash (used in) provided by operating activities	<u>(457,151)</u>	<u>1,705,874</u>
Cash flows from investing activities:		
Purchases of investments	(110,013)	(286,622)
Proceeds from sales of investments	14,301	212,566
Purchases of property and equipment	<u>(6,312)</u>	<u>(7,796)</u>
Net cash used in investing activities	<u>(102,024)</u>	<u>(81,852)</u>
Change in cash and cash equivalents	(559,175)	1,624,022
Cash and cash equivalents, beginning of year	<u>2,801,111</u>	<u>1,177,089</u>
Cash and cash equivalents, end of year	<u>\$ 2,241,936</u>	<u>\$ 2,801,111</u>
Supplemental disclosure of cash flow information:		
Noncash donations of goods and services	<u>\$ 1,973,658</u>	<u>\$ 2,298,003</u>
Taxes paid on transportation benefits	<u>\$ 12,500</u>	

See notes to financial statements.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

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 revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

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.

[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 as of each fiscal year end. 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.

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 net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at acquisition to the 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 fiscal year. The earnings from dividends and interest are recognized when earned.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

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

[5] Investments: (continued)

The Organization's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statements 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 investment 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, 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.

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, 2019 and 2018, 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. As of September 30, 2019 and 2018, the accrued vacation obligation was approximately \$116,000 and \$85,000, respectively, and was included within accounts payable and accrued expenses in the 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.

[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, 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.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

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

[9] Net assets: (continued)

- 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, represent those resources the use of which has been restricted by donors to specific purposes and or the passage of time. Net assets released from restrictions represent one of the following: (i) the satisfaction of the restricted purposes specified by the donors; or (ii) the passage of time, which are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

[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.

[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, all of which have been allocated on a square-footage basis. Technology and telecommunications, printing and reproduction and supplies and office expenses, have been allocated on the basis of utilization of resources by department, whereas salaries, benefits and taxes have been allocated on the basis of estimates of time and effort.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

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

[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] Upcoming pronouncements:

- (i) Revenue from Contracts with Customers: In May 2014, the FASB issued Accounting Standards Update ("ASU") ASU 2014-09, *Revenue from Contracts with Customers*. This guidance requires an entity to recognize revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods and services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. It is effective for fiscal-years beginning after December 15, 2018, accordingly the Organization will adopt this for its fiscal-year ending September 30, 2020. Management is in the process of assessing the impact of this ASU on the financial statements.
- (ii) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made: In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a framework for evaluating whether grants should be accounted for as exchange transactions or as non-exchange transactions. For non-exchange transactions, the new guidance clarifies whether arrangements are conditional or unconditional. The standard is effective when the Organization serves as the resource recipient for years beginning after December 15, 2018. In situations where the Organization is the resource provider the effective date is for years beginning after December 15, 2019. Management is in the process of assessing the impact of this ASU on the financial statements.

[14] Reclassification:

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

[15] Subsequent events:

The Organization evaluated subsequent events through April 7, 2020, the date on which the financial statements were available to be issued.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE B - PLEDGES RECEIVABLE

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

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Less than one year	\$ 2,118,006	\$ 1,826,202
One to five years	<u>276,667</u>	<u>230,000</u>
	2,394,673	2,056,202
Less: discount to present value of 2.5%	(10,854)	(10,854)
Less: allowance for uncollectible amounts	<u>(118,731)</u>	<u>(91,303)</u>
	<u>\$ 2,265,088</u>	<u>\$ 1,954,045</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.

NOTE C - INVESTMENTS

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

	<u>September 30,</u>			
	<u>2019</u>		<u>2018</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money-market funds	\$ 327,624	\$ 327,624	\$ 320,386	\$ 320,386
Mutual funds:				
Open-end:				
Bond funds	3,301,943	3,223,844	3,070,811	3,150,032
Closed-end:				
Stock funds	<u>798,541</u>	<u>608,173</u>	<u>776,185</u>	<u>593,624</u>
	<u>\$ 4,428,108</u>	<u>\$ 4,159,641</u>	<u>\$ 4,167,382</u>	<u>\$ 4,064,042</u>

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

	<u>Year Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 136,419	\$ 103,108
Investment fees	<u>(14,301)</u>	<u>(14,014)</u>
Net investment income	<u>122,118</u>	<u>89,094</u>
Unrealized gains (losses)	165,127	(8,410)
Realized (losses) gains	<u>(113)</u>	<u>45,241</u>
Total unrealized and realized	<u>165,014</u>	<u>36,831</u>
Total investment return	<u>\$ 287,132</u>	<u>\$ 125,925</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE C - INVESTMENTS (CONTINUED)

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.
- 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 2019 and 2018, there were no transfers among 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,			
	2019		2018	
	Level 1	Total	Level 1	Total
Money-market funds	\$ 327,624	\$ 327,624	\$ 320,386	\$ 320,386
Mutual funds	<u>4,100,484</u>	<u>4,100,484</u>	<u>3,846,996</u>	<u>3,846,996</u>
	<u>\$4,428,108</u>	<u>\$4,428,108</u>	<u>\$4,167,382</u>	<u>\$4,167,382</u>

NOTE D - PROPERTY AND EQUIPMENT

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

	September 30,	
	2019	2018
Computers and other information technology	\$ 429,786	\$ 423,474
Furniture and equipment	120,630	120,630
Leasehold improvements	<u>347,786</u>	<u>347,786</u>
	898,202	891,890
Less: accumulated depreciation and amortization	<u>(778,622)</u>	<u>(726,692)</u>
	<u>\$ 119,580</u>	<u>\$ 165,198</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE E - DONATED GOODS AND SERVICES

For recognition of donated services in the Organization's financial statements, such 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 without donor restrictions unless the donor has restricted the donated assets for a specific purpose. Donated goods and services are reported as both contributions and offsetting expenses in the accompanying statements of activities.

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

	September 30,					
	2019			2018		
	Goods	Services	Total	Goods	Services	Total
Coat Drive	\$ 1,692,548		\$ 1,692,548	\$ 2,073,530		\$ 2,073,530
Project expenses		\$ 120,053	120,053		\$ 120,053	120,053
Special-event expenses	10,144		10,144	14,922		14,922
Professional fees		150,913	150,913		89,498	89,498
	<u>\$ 1,702,692</u>	<u>\$ 270,966</u>	<u>\$ 1,973,658</u>	<u>\$ 2,088,452</u>	<u>\$ 209,551</u>	<u>\$ 2,298,003</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 2019 and 2018, respectively, corporate sponsors funded approximately \$1,187,000 and \$1,274,000 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, 2019 and 2018, the remaining balance due to the Organization of \$372,722 and \$209,592, respectively, was recognized as other receivables on the statements of financial position. Other receivables are considered to be fully collectible and accordingly no allowance for these receivables has been established.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

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. In accordance with the lease agreement, \$214,968 is to be held as a security deposit and as such, it is included in prepaid expenses in the statements of financial position, as of each year-end.

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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 583,704
2021	598,297
2022	613,254
2023	<u>468,511</u>
	<u>\$ 2,263,766</u>

Rental expense was approximately \$509,000 in each of the fiscal-years 2019 and 2018, 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>2019</u>	<u>2018</u>
Subject to the passage of time	\$ 1,587,788	\$ 1,481,635
Subject to expenditure for specified purposes:		
Winter wishes		50,000
New York Cares day	23,358	123,695
NYC Marathon	23,025	23,546
Winter benefit	168,878	852,932
Cash for coats	150,000	135,000
December coat drive	71,428	15,430
Family fund		<u>10,000</u>
	<u>\$ 2,024,477</u>	<u>\$ 2,692,238</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	<u>Year Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Expiration of time restrictions	\$ 1,279,135	\$ 836,703
Satisfaction of purpose restrictions:		
Winter wishes	50,000	250
NY Cares Day	123,695	
NYC Marathon	23,546	
Winter benefit	814,208	184,000
Cash for coats	135,000	28,418
December coat drive	15,430	3,658
Days of service	1,220,525	1,274,350
Family fund	10,000	
	<u>\$ 3,671,539</u>	<u>\$ 2,327,379</u>

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of September 30, 2019 and 2018, reduced by amounts not available for general use within one year of September 30, 2019 and 2018 respectively, because of 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 dates for general expenditure are as follows:

	<u>Year Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,241,936	\$ 2,801,111
Pledges receivable, net	2,265,088	1,954,045
Other receivable	372,722	209,592
Investments	<u>4,428,108</u>	<u>4,167,382</u>
Total financial assets available within one year	<u>9,307,854</u>	<u>9,132,130</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with:		
Purpose restrictions	(436,689)	(1,187,057)
Time restrictions	<u>(1,587,788)</u>	<u>(1,505,181)</u>
Total amounts unavailable for general expenditure within one year	<u>(2,024,477)</u>	<u>(2,692,238)</u>
Amounts unavailable to management without the Board's approval:		
Board-designated endowment fund	<u>(4,100,484)</u>	<u>(3,846,996)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,182,893</u>	<u>\$ 2,592,896</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity policy:

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 as part of the Organization's liquidity management. 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 THE ENDOWMENT

[1] Net assets without donor restrictions (Board-designated endowment fund):

The Organization's endowment consist solely of a Board-designated fund. The Board-designated endowment fund is comprised of resources designated by the Board of Directors to be used for growth and sustainability of the Organization.

[2] Interpretation of relevant law:

The Organization adheres to the provisions of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") that are applicable to assets held for endowment.

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

	<u>Without Donor Restrictions</u>	
	<u>Year Ended</u>	
	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Board-designated fund, beginning of year	<u>\$ 3,846,996</u>	<u>\$ 3,735,476</u>
Investment return:		
Dividend income, net	<u>110,012</u>	<u>93,328</u>
Net realized and unrealized appreciation	<u>165,014</u>	<u>36,831</u>
Total investment return	<u>275,026</u>	<u>130,159</u>
Transfer, net	<u>(21,538)</u>	<u>(18,639)</u>
Board-designated fund, end of year	<u>\$ 4,100,484</u>	<u>\$ 3,846,996</u>

[4] 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.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2019 and 2018

NOTE J - ACCOUNTING AND REPORTING FOR THE ENDOWMENT (CONTINUED)

[5] 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. The Organization did not appropriate from its endowment fund for either 2019 or 2018.

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 2019 and 2018 was \$50,293 and \$38,988, 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 believes that there is no substantial risk of loss associated with the failures of these financial institutions.

NOTE M- CONTINGENCY AND OTHER UNCERTAINTY

The extent of the impact of the Coronavirus ("COVID-19") outbreak on the operational and financial performance of the Organization will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on the overall availability of contributions towards the Organization's programs, all of which are highly uncertain and cannot be predicted. If contributions towards the Organization's programs are impacted for an extended period, results of operations may be materially adversely affected.