



NEW YORK CARES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2014 and 2013

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 statements of financial position as of June 30, 2014 and 2013, 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 these 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 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 June 30, 2014 and 2013, 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.

New York, New York
November 17, 2014

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

	June 30,	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ 2,203,956	\$ 3,020,725
Restricted cash and cash equivalents	216,502	216,069
Pledges receivable, net	1,330,785	1,264,233
Investments	3,786,378	3,301,837
Prepaid expenses and other assets	187,693	205,116
Property and equipment, net	563,796	640,940
	<u>\$ 8,289,110</u>	<u>\$ 8,648,920</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 519,007	\$ 485,802
Deferred rent	584,506	394,904
	<u>1,103,513</u>	<u>880,706</u>
Total liabilities		
Commitments (Note I)		
Net assets:		
Unrestricted:		
Undesignated, available for general operations	1,886,950	1,814,478
Board-designated endowment fund	3,474,782	3,191,267
	<u>5,361,732</u>	<u>5,005,745</u>
Total unrestricted		
Temporarily restricted:		
On-going operations	1,306,606	1,224,574
Disaster relief (Note H)	517,259	1,537,895
	<u>1,823,865</u>	<u>2,762,469</u>
Total temporarily restricted		
Total net assets	<u>7,185,597</u>	<u>7,768,214</u>
	<u>\$ 8,289,110</u>	<u>\$ 8,648,920</u>

NEW YORK CARES, INC.

Statements of Activities

	Year Ended June 30,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Foundations	\$ 659,600	\$ 90,000	\$ 749,600	\$ 695,009	\$ 177,685	\$ 872,694
Corporations	2,921,812	1,733,337	4,655,149	2,270,707	1,123,842	3,394,549
Government	40,312		40,312	86,050		86,050
Individuals	904,317	45,094	949,411	1,080,253	1,000	1,081,253
Special events, net	1,343,740		1,343,740	1,422,049	25,000	1,447,049
Investment income	301,425		301,425	202,464		202,464
Rental income	351,101		351,101	197,123		197,123
Earned revenue	12,250		12,250			
Other income	60,000		60,000			
Public support and revenue before donated goods and services	6,594,557	1,868,431	8,462,988	5,953,655	1,327,527	7,281,182
Donated goods and services (Note F)	2,532,131		2,532,131	4,374,969		4,374,969
Total public support and revenue before net assets released from restrictions	9,126,688	1,868,431	10,995,119	10,328,624	1,327,527	11,656,151
Net assets released from restrictions:	1,786,399	(1,786,399)	0	2,014,101	(2,014,101)	0
Total public support and revenue	10,913,087	82,032	10,995,119	12,342,725	(686,574)	11,656,151
Expenses:						
Program services	8,592,754		8,592,754	9,689,014		9,689,014
Management and general	736,017		736,017	755,449		755,449
Fund-raising	1,228,329		1,228,329	1,166,003		1,166,003
Total expenses	10,557,100		10,557,100	11,610,466		11,610,466
Change in net assets before disaster relief activities	355,987	82,032	438,019	732,259	(686,574)	45,685
Disaster relief contributions		246,181	246,181		3,228,474	3,228,474
Disaster relief expenses		(1,266,817)	(1,266,817)		(1,690,579)	(1,690,579)
Total disaster relief activities		(1,020,636)	(1,020,636)		1,537,895	1,537,895
Change in net assets after disaster relief activities	355,987	(938,604)	(582,617)	732,259	851,321	1,583,580
Net assets - beginning of the year	5,005,745	2,762,469	7,768,214	4,273,486	1,911,148	6,184,634
Net assets - end of the year	\$ 5,361,732	\$ 1,823,865	\$ 7,185,597	\$ 5,005,745	\$ 2,762,469	\$ 7,768,214

See notes to financial statements

NEW YORK CARES, INC.

Statement of Functional Expenses Year Ended June 30, 2014

(with summarized financial information for 2013)

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses 2014</u>	<u>Total Expenses 2013</u>
Project expenses	\$ 4,560,024			\$ 4,560,024	\$ 6,069,612
Salaries	3,254,092	\$ 426,697	\$ 584,964	4,265,753	4,107,838
Payroll taxes and employee benefits	651,035	84,612	110,981	846,628	773,399
Rent and related expenses	688,555	90,416	111,282	890,253	873,015
Technology and telecommunications	137,922	18,111	22,291	178,324	126,535
Printing and reproduction	57,847	7,596	9,349	74,792	88,313
Professional fees	155,930	40,566	9,859	206,355	248,510
Outreach	95,789		30,720	126,509	169,760
Processing fees			94,018	94,018	136,871
Postage and shipping	25,380	3,333	4,102	32,815	29,747
Bad-debt expense			95,933	95,933	108,022
Operations and office expenses	61,398	42,153	9,821	113,372	132,580
Special event expenses			117,275	117,275	167,068
Insurance	46,038	6,045	7,441	59,524	45,976
				11,661,575	13,077,246
Total expenses before depreciation and amortization	9,734,010	719,529	1,208,036		
Depreciation and amortization	125,561	16,488	20,293	162,342	223,799
Total expenses	<u>\$ 9,859,571</u>	<u>\$ 736,017</u>	<u>\$ 1,228,329</u>	<u>\$11,823,917</u>	<u>\$13,301,045</u>

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

NEW YORK CARES, INC.**Statement of Functional Expenses
Year Ended June 30, 2013**

	<u>Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses 2013</u>
Project expenses	\$ 6,068,313	\$ 478	\$ 821	\$ 6,069,612
Salaries	3,128,145	510,327	469,366	4,107,838
Payroll taxes and employee benefits	625,381	65,859	82,159	773,399
Rent and related expenses	740,719	48,741	83,555	873,015
Technology and telecommunications	102,758	5,367	18,410	126,535
Printing and reproduction	66,577	1,800	19,936	88,313
Professional fees	181,233	62,021	5,256	248,510
Outreach	137,261		32,499	169,760
Processing fees			136,871	136,871
Postage and shipping	19,642	2,596	7,509	29,747
Bad-debt expense			108,022	108,022
Operations and office expenses	85,725	37,663	9,192	132,580
Special event expenses			167,068	167,068
Insurance	<u>34,057</u>	<u>8,064</u>	<u>3,855</u>	<u>45,976</u>
Total expenses before depreciation and amortization	11,189,811	742,916	1,144,519	13,077,246
Depreciation and amortization	<u>189,782</u>	<u>12,533</u>	<u>21,484</u>	<u>223,799</u>
Total expenses	<u>\$ 11,379,593</u>	<u>\$ 755,449</u>	<u>\$ 1,166,003</u>	<u>\$ 13,301,045</u>

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

NEW YORK CARES, INC.

Statements of Cash Flows

	<u>Year Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (582,617)	\$ 1,583,580
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	162,342	223,799
Bad debt expense	95,933	108,022
Change in reserve for allowances	(1,282)	(16,464)
Realized and unrealized gains on investments	(199,630)	(126,370)
Donated securities	(30,713)	(20,226)
Proceeds from donated securities	30,713	20,226
Changes in:		
Pledges receivable	(161,203)	145,844
Prepaid expenses and other assets	17,423	1,830
Accounts payable and accrued expenses	33,205	(26,444)
Deferred rent	189,602	236,514
Net cash (used in) provided by operating activities	<u>(446,227)</u>	<u>2,130,311</u>
Cash flows from investing activities:		
Proceeds from sales of investments	250,000	344,477
Purchases of investments	(534,911)	(195,696)
Purchases of property and equipment	<u>(85,198)</u>	<u>(227,570)</u>
Net cash used in investing activities	<u>(370,109)</u>	<u>(78,789)</u>
Change in cash and cash equivalents	(816,336)	2,051,522
Cash and cash equivalents - July 1	<u>3,236,794</u>	<u>1,185,272</u>
Cash and cash equivalents - June 30	<u>\$ 2,420,458</u>	<u>\$ 3,236,794</u>

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

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 schools, shelters, community agencies and disaster-relief organizations ("Community Partners") that need volunteer support. Working closely with these agencies, the Organization creates and manages thousands of volunteer projects every year so that caring New Yorkers can make a difference.

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

[2] Financial reporting:

(a) Basis of accounting:

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

(b) Functional allocation of expenses:

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

(c) Use of estimates:

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

(d) Cash and cash equivalents:

For purposes of the accompanying statements of cash flows, the Organization considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents, with the exception of money-market funds, which are held as part of the investment portfolio. Certain amounts of cash and cash equivalents have been restricted in lieu of a security deposit for the Organization's new office space. \$216,502 of cash is restricted as it is held as security for a rental lease (see Note I). Cash of approximately \$1million is restricted for Sandy relief project (see Note H) as of June 30, 2014.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

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

[2] Financial reporting: (continued)

(e) Net assets:

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

(i) Unrestricted:

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

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

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

(ii) Temporarily restricted:

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

[3] Contributions:

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

[4] 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.

[5] 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. 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 \$15,000 were netted against investment income received.

[6] Property and equipment:

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

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

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

[7] Accrued vacation:

Based on their tenure, the Organization's employees are entitled to be paid for unused vacation time if they leave the Organization. Accordingly, at each fiscal year-end, the Organization must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. The accrued vacation obligation was approximately \$117,000 and \$137,000 for fiscal-years 2014 and 2013, respectively.

[8] Deferred rent:

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 statements of financial position.

[9] Income tax:

The Organization follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes", relating to the accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, the adoption of ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements. Management believes that there is little likelihood of an audit of its tax compliance for periods prior to fiscal-year 2011.

[10] Fair-value measurement:

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

[11] Endowment funds:

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

[12] Subsequent events:

The Organization considers the accounting treatments, and the related disclosure in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after June 30, 2014 through November 17, 2014, the date that the financial statements are available to be issued.

[13] Reclassifications:

Certain amounts included in the fiscal-year 2013 financial statements have been reclassified to conform to the fiscal-year 2014 presentation.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

NOTE B - PLEDGES RECEIVABLE

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

	June 30,	
	2014	2013
Less than one year	\$ 1,301,889	\$ 1,116,201
One to five years	<u>102,860</u>	<u>239,527</u>
	1,404,749	1,355,728
Less discount to present value between 4% and 5%	(4,949)	(23,762)
Less allowance for uncollectible amounts	<u>(69,015)</u>	<u>(67,733)</u>
	<u>\$ 1,330,785</u>	<u>\$ 1,264,233</u>

NOTE C - INVESTMENTS

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

	June 30,			
	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Money-market funds	\$ 267,472	\$ 267,472	\$ 193,720	\$ 193,720
Mutual funds:				
Open-end:				
Bond funds	1,281,371	1,313,945	1,114,536	1,129,385
Stock funds	542,059	741,758	536,224	629,900
Closed-end:				
Stock funds	888,334	1,055,392	849,845	941,485
Fixed-income securities	<u>375,000</u>	<u>407,811</u>	<u>375,000</u>	<u>407,347</u>
	<u>\$ 3,354,236</u>	<u>\$ 3,786,378</u>	<u>\$ 3,069,325</u>	<u>\$ 3,301,837</u>

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

	Year Ended June 30,	
	2014	2013
Interest and dividend income	\$ 101,795	\$ 76,094
Realized gains		2,250
Net unrealized gains	<u>199,630</u>	<u>124,120</u>
Net return on investment	<u>\$ 301,425</u>	<u>\$ 202,464</u>

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

NOTE C - INVESTMENTS (CONTINUED)

ASC 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on 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 those investments, or similar investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for those investments, or 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 that are redeemable at or near the balance sheet 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 Organization does not hold any level 3 investments.

The availability of available 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. During fiscal- years 2014 and 2013, there were no transfers in or out of Levels 1, 2, or 3.

The following table summarizes the fair-values of the Organization's investments at June 30, 2014 and 2013, in accordance with ASC Topic 820-10-05 fair-value levels:

	June 30,					
	2014			2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market funds	\$ 267,472		\$ 267,472	\$ 193,720		\$ 193,720
Mutual funds	3,111,095		3,111,095	2,700,770		2,700,770
Fixed income securities		\$ 407,811	407,811		\$ 407,347	407,347
Total	<u>\$ 3,378,567</u>	<u>\$ 407,811</u>	<u>\$ 3,786,378</u>	<u>\$ 2,894,490</u>	<u>\$ 407,347</u>	<u>\$ 3,301,837</u>

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

NOTE D - PROPERTY AND EQUIPMENT

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

	June 30,	
	2014	2013
Computers	\$ 266,078	\$ 848,287
Furniture and equipment	120,630	232,828
Leasehold improvements	347,786	459,037
Website	149,600	
	884,094	1,540,152
Less accumulated depreciation and amortization	(320,296)	(899,212)
	<u>\$ 563,796</u>	<u>\$ 640,940</u>

Depreciation and amortization expense was \$162,342 and \$223,799 for fiscal-years 2014 and 2013, respectively. During 2014 and 2013, the Organization retired fully depreciated furniture and equipment, computers and leasehold improvements of approximately \$741,000 and \$105,500, respectively.

NOTE E - SPECIAL EVENTS

Income from the Organization's special events is shown net of direct benefit to donors of \$163,544 and \$188,634 for fiscal-years 2014 and 2013, respectively.

NOTE F - DONATED GOODS AND SERVICES

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

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

	June 30,					
	2014			2013		
	Goods	Services	Total	Goods	Services	Total
Coat drive	\$ 2,314,067		\$ 2,314,067	\$ 3,781,661		\$ 3,781,661
Project expenses	28,507	\$ 108,387	136,894	180,142	\$ 162,840	342,982
Special-event expenses	7,525		7,525	69,152		69,152
Professional fees		73,645	73,645		181,174	181,174
	<u>\$ 2,350,099</u>	<u>\$ 182,032</u>	<u>\$ 2,532,131</u>	<u>\$ 4,030,955</u>	<u>\$ 344,014</u>	<u>\$ 4,374,969</u>

Donated goods and services shown here are recorded as in-kind contributions, and therefore are recorded as both income and expense when they are received. In fiscal-year 2012 donated goods and services increased significantly in the aftermath of Hurricane Sandy. These increased donations came in the form of coats, materials and supplies used for clean-up and rebuilding, storage space, food and beverages, etc.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

NOTE F - DONATED GOODS AND SERVICES (CONTINUED)

Coat drive revenues and expenses consisted of the estimated fair-value of donated coats. Donated project revenues and expenses consisted primarily of donated warehouse space. Donated special-event expenses consisted primarily of food and beverages used during events. Donated professional fees consisted primarily of legal services.

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

NOTE G - DAYS OF SERVICE

During fiscal-years 2014 and 2013, corporate sponsors funded approximately \$784,324 and \$679,367, respectively, 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 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.

NOTE H - SANDY RELIEF PROJECT

During fiscal-year 2013, the Organization created a new program in response to Hurricane Sandy which affected several NYC communities. For the Hurricane Sandy Disaster Relief Effort, at June 30, 2014 and 2013 restricted contributions of \$246,181 and \$3,228,474, respectively, were received for program activities, while \$1,266,817 and \$1,690,579, respectively, was released to fund related expenses leaving a balance of \$517,259 and \$1,537,895 at June 30, 2014 and 2013, respectively. Funding for this effort was received from individuals, corporate sponsors, and foundations as well as events held by concerned individuals and organizations located in areas impacted by the storm (see Note J).

NOTE I - COMMITMENTS

During fiscal-year 2012, the Organization entered into an eleven-year non-cancelable operating lease for its new office space. Subsequent to fiscal-year-end 2012, the Organization moved into this new space located at 65 Broadway and sublet a portion of its existing office space located at 214 West 29th Street, under the terms of a lease that expires in April 2015.

On May 2, 2014, the Organization also sub-let a portion its new space with an agreement due to expire on May 2, 2016.

Rental income from all sub-leased spaces amounted to \$351,101 and \$197,123 respectively.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

NOTE I - COMMITMENTS (CONTINUED)

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

<u>Year</u>	<u>214 West 29th St.</u>	<u>65 Broadway</u>	<u>Total</u>
2015	\$ 235,196	\$ 512,705	\$ 747,901
2016		525,523	525,523
2017		538,661	538,661
2018		552,127	552,127
2019		565,930	565,930
Thereafter		<u>2,408,786</u>	<u>2,408,786</u>
	<u>\$ 235,196</u>	<u>\$ 5,103,732</u>	<u>\$ 5,338,928</u>

Rent expense was \$751,282 and \$771,686 for fiscal-years 2014 and 2013, respectively.

The Organization is obligated under an agreement for a fundraising event to be held subsequent to June 30, 2014.

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Winter benefit	\$ 48,000	\$ 85,602
Library initiative		50,000
Time restrictions	1,093,606	963,973
Sandy relief project	517,259	1,537,894
December coat drive	5,000	125,000
Children's education	30,000	
Winter wishes	50,000	
SAT Prep	50,000	
Neighborhood focus	<u>30,000</u>	
	<u>\$ 1,823,865</u>	<u>\$ 2,762,469</u>

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

NOTE J - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

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

	Year Ended June 30,	
	2014	2013
Winter benefit	\$ 40,000	\$ 40,000
Library initiative	50,000	50,000
Time restrictions	727,075	812,734
Sandy relief project	1,266,817	1,690,579
Day of service	784,324	679,367
December coat drive	125,000	182,000
Children's education	60,000	
Capital project		250,000
	<u>\$ 3,053,216</u>	<u>\$ 3,704,680</u>

NOTE K - ENDOWMENT

[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 treated as part of the Organization's investments.

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

	Unrestricted	
	Year Ended June 30,	
	2014	2013
Board-designated fund, beginning of year	<u>\$ 3,191,267</u>	<u>\$ 3,006,033</u>
Investment return:		
Dividend income	83,885	67,165
Net realized and unrealized appreciation	<u>199,630</u>	<u>118,069</u>
Total investment return	<u>283,515</u>	<u>185,234</u>
Board-designated fund, end of year	<u>\$ 3,474,782</u>	<u>\$ 3,191,267</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 future needs and goals of the Organization. Endowment assets are invested in a diversified manner, so that up to fifty percent is invested in equities and the balance is invested in high quality bonds and other high quality fixed-income securities to maximize return with a low risk.

The Organization has a policy of appropriating for distribution each year up to five percent 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 five percent of the corpus, and greater than zero, the Executive Committee may decide to transfer up to the total return for the year.

NEW YORK CARES, INC.

Notes to Financial Statements June 30, 2014 and 2013

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. For fiscal-years 2014 and 2013, the cost of matching employee contributions amounted to \$63,356 and \$56,700, respectively.

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.