



NEW YORK CARES, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 and 2015

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, 2016 and 2015, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2016 and 2015, 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
April 6, 2017

NEW YORK CARES, INC.

Statements of Financial Position

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 838,570	\$ 1,001,530
Restricted cash	217,538	217,044
Investments	3,888,407	3,629,521
Pledges receivable, net	1,316,464	833,328
Prepaid expenses	287,418	327,978
Other receivables	136,870	47,548
Property and equipment, net	<u>275,207</u>	<u>382,503</u>
	<u>\$ 6,960,474</u>	<u>\$ 6,439,452</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 319,546	\$ 497,826
Deferred rent obligation	<u>495,806</u>	<u>515,719</u>
Total liabilities	<u>815,352</u>	<u>1,013,545</u>
Commitments (Note G)		
Net assets:		
Unrestricted:		
Undesignated, available for general operations	1,477,555	1,378,824
Board-designated endowment fund	<u>3,306,431</u>	<u>3,164,584</u>
Total unrestricted	4,783,986	4,543,408
Temporarily restricted	<u>1,361,136</u>	<u>882,499</u>
Total net assets	<u>6,145,122</u>	<u>5,425,907</u>
	<u>\$ 6,960,474</u>	<u>\$ 6,439,452</u>

NEW YORK CARES, INC.

Statements of Activities

Year Ended September 30,

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions and grants:						
Foundations	\$ 651,250	\$ 30,000	\$ 681,250	\$ 860,250		\$ 860,250
Corporations	3,231,176	1,994,900	5,226,076	2,880,226	\$ 1,329,714	4,209,940
Government	231,048	16,000	247,048	244,363	15,000	259,363
Individuals	1,135,627	100,100	1,235,727	721,864	23,760	745,624
Special events, net	1,706,865	224,250	1,931,115	1,307,590	1,251	1,308,841
Investment income	113,578		113,578	122,088		122,088
Rental income	56,650		56,650	221,355		221,355
Earned revenue	74,027		74,027	62,774		62,774
Other income	24,491		24,491	7,956		7,956
Public support and revenue before donated goods and services	7,224,712	2,365,250	9,589,962	6,428,466	1,369,725	7,798,191
Donated goods and services (Note E)	2,187,563		2,187,563	2,350,442		2,350,442
Total public support and revenue before net assets released from restrictions	9,412,275	2,365,250	11,777,525	8,778,908	1,369,725	10,148,633
Net assets released from restrictions	1,886,613	(1,886,613)	0	2,101,872	(2,101,872)	0
Total public support and revenue	11,298,888	478,637	11,777,525	10,880,780	(732,147)	10,148,633
Expenses:						
Program services	9,300,293		9,300,293	8,685,966		8,685,966
Management and general	801,756		801,756	738,883		738,883
Fund-raising	1,121,225		1,121,225	1,233,840		1,233,840
Total expenses	11,223,274		11,223,274	10,658,689		10,658,689
Other changes:						
Net realized and unrealized gains (losses) on investments	164,964		164,964	(227,448)		(227,448)
Change in net assets before disaster-relief activities	240,578	478,637	719,215	(5,357)	(732,147)	(737,504)
Disaster-relief contributions					32	32
Disaster-relief expenses					(255,637)	(255,637)
Total disaster-relief activities	0	0	0	0	(255,605)	(255,605)
Change in net assets after disaster-relief activities	240,578	478,637	719,215	(5,357)	(987,752)	(993,109)
Net assets - October 1	4,543,408	882,499	5,425,907	4,548,765	1,870,251	6,419,016
Net assets - September 30	\$ 4,783,986	\$ 1,361,136	\$ 6,145,122	\$ 4,543,408	\$ 882,499	\$ 5,425,907

See notes to financial statements

NEW YORK CARES, INC.

Statements of Functional Expenses

	Year Ended September 30,							
	2016				2015			
	Program	General and Administration	Fund-Raising	Total	Program	General and Administration	Fund-Raising	Total
Project expenses	\$ 4,061,764			\$ 4,061,764	\$ 3,834,962			\$ 3,834,962
Salaries	3,232,006	\$ 505,564	\$ 579,738	4,317,308	3,033,254	\$ 476,826	\$ 686,272	4,196,352
Payroll taxes and employee benefits	724,824	76,062	104,255	905,141	678,912	85,254	118,931	883,097
Rent and related expenses	543,965	46,258	30,839	621,062	606,471	62,611	81,272	750,354
Technology and telecommunications	156,096	37,368	11,310	204,774	132,752	13,705	17,790	164,247
Printing and reproduction	70,916	5,424	9,190	85,530	61,157	6,314	10,635	78,106
Professional fees	159,640	72,521	4,851	237,012	172,353	40,710	8,477	221,540
Outreach	119,665		10,519	130,184	136,548		49,104	185,652
Processing fees			91,888	91,888			90,938	90,938
Postage and shipping	20,211	1,569	2,350	24,130	24,070	2,485	3,225	29,780
Operations and office expenses	89,257	24,328	144,665	258,250	101,934	34,543	3,458	139,935
Special event expenses			119,390	119,390			142,405	142,405
Insurance	32,080	25,683	1,782	59,545	48,257	4,982	6,467	59,706
Total expenses before depreciation and amortization	9,210,424	794,777	1,110,777	11,115,978	8,830,670	727,430	1,218,974	10,777,074
Depreciation and amortization	89,869	6,979	10,448	107,296	110,933	11,453	14,866	137,252
Total expenses	\$ 9,300,293	\$ 801,756	\$ 1,121,225	\$ 11,223,274	\$ 8,941,603	\$ 738,883	\$ 1,233,840	\$ *10,914,326

*The amounts above include expenses related to 2015 disaster-relief efforts.

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

	Year Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 719,215	\$ (993,109)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	107,296	137,252
Bad debts expense	136,467	(9,249)
Net realized and unrealized (gains) losses on investments	(164,964)	227,448
Changes in:		
Pledges receivable	(619,603)	598,341
Prepaid expenses and other assets	40,560	(30,386)
Other receivables	(89,322)	36,738
Accounts payable and accrued expenses	(178,280)	(48,173)
Deferred rent	(19,913)	(49,300)
Net cash used in operating activities	<u>(68,544)</u>	<u>(130,438)</u>
Cash flows from investing activities:		
Purchases of investments	(278,114)	(1,129,879)
Proceeds from sales of investments	<u>184,192</u>	<u>1,026,031</u>
Net cash used in investing activities	<u>(93,922)</u>	<u>(103,848)</u>
Decrease in cash, cash equivalents and restricted cash	(162,466)	(234,286)
Cash, cash equivalents, and restricted cash - October 1	<u>1,218,574</u>	<u>1,452,860</u>
Cash, cash equivalents and restricted cash - September 30	<u>\$ 1,056,108</u>	<u>\$ 1,218,574</u>
Supplemental disclosure of cash flow information:		
Noncash donations of goods and services	<u>\$ 2,187,563</u>	<u>\$ 2,350,442</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 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 entities.

[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 support 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 and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services using reasonable ratios determined by management. Indirect costs have been allocated on the basis of utilization of resources by department and time allocation.

[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. For fiscal-years 2016 and 2015, respectively, cash balances of \$217,538 and \$217,044 have been restricted in lieu of a security deposit for the lease of the Organization's office space (see Note G[1]).

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

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

[6] Investments:

Investments in fixed-income securities, and in mutual funds consisting of open-end and closed-end funds that trade in both debt and equity securities, are reported at their fair values as determined by the related investment managers as of each fiscal year-end. Short-term investments consist of money-market funds. Donated securities are recorded at their estimated fair values at the dates of donation. The Organization's policy is to sell donated securities immediately, and accordingly, for purposes of the statements of cash flows donated securities and the proceeds generated from their sale are included as operating activities. Investment expenses include the bank custody fees. Investment fees totaled approximately \$16,000 in each fiscal year. Net realized and unrealized gains or losses on investments are determined by comparison of the specific costs at acquisition to the proceeds at the time of disposal, or to the fair values of the investments at the date of the financial statements.

[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 a period of 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 terms 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, 2016 and 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 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, 2016, and 2015, the accrued vacation obligation was approximately \$94,000 and \$83,000, respectively, and it was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

[9] 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 accompanying statements 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:

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

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

[10] Net assets: (continued)

(i) *Unrestricted: (continued)*

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 or time period. The release of net assets from restrictions results from the satisfaction of the restricted purposes specified by the donors or the passage of time.

[11] Revenue recognition:

(i) *Contributions, grants and pledges:*

Contributions and grants 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. Contributions to be received after one year are discounted at an appropriate interest rate, commensurate with the risk involved. 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. Contribution revenue is recognized based on the present value of the estimated future payments to be made by the Organization.

(ii) *Rental income:*

The Organization leased space to an unrelated party in accordance with a signed lease agreement which expired in May 2016 (see related Note G[1]). Rental income is recognized in accordance with the lease agreement.

(iii) *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.

(iv) *Earned revenue:*

Earned revenue represents income received by the Organization related to monies collected from the youth service program conducted in New York City Schools as well as a Volunteer Impact Program run by New York Cares, Inc.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

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] Endowment fund:

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

[14] New accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend certain financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users.

ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for fiscal years beginning after December 15, 2017. The Organization has chosen not to early-adopt the pronouncement.

[15] 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, 2016 through April 6, 2017, the date on which the financial statements were available to be issued.

[16] Reclassification:

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

NOTE B - PLEDGES RECEIVABLE

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

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
Less than one year	\$ 1,312,487	\$ 778,873
One to five years	<u>75,000</u>	<u>102,000</u>
	1,387,487	880,873
Less discount to present value of 2.5%	(1,829)	(3,678)
Less allowance for uncollectible amounts	<u>(69,194)</u>	<u>(43,867)</u>
	<u>\$ 1,316,464</u>	<u>\$ 833,328</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

NOTE C - INVESTMENTS

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

	September 30,			
	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 333,427	\$ 333,427	\$ 293,849	\$ 293,849
Mutual funds:				
Open-end:				
Bond funds	2,679,937	2,652,725	2,524,758	2,567,671
Closed-end:				
Stock funds	555,008	350,090	487,627	350,091
Fixed-income securities	<u>320,035</u>	<u>305,897</u>	<u>323,287</u>	<u>305,897</u>
	<u>\$ 3,888,407</u>	<u>\$ 3,642,139</u>	<u>\$ 3,629,521</u>	<u>\$ 3,517,508</u>

At September 30, 2016 and 2015, respectively, concentrations of the Organization's investment in excess of 10% of the fair values of its portfolio included approximately (i) 69% and 70% invested in open-end bond funds, and (ii) 14% and 13% invested in closed-end stock funds.

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

	Year Ended September 30,	
	2016	2015
Interest and dividends	\$ 113,578	\$ 122,088
Net unrealized gains (losses)	134,255	(270,727)
Realized gains	<u>30,709</u>	<u>43,279</u>
	278,542	(105,360)
Investment fees	<u>(15,801)</u>	<u>(16,396)</u>
Net return on investment	<u>\$ 262,741</u>	<u>\$ (121,756)</u>

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 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.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

NOTE C - INVESTMENTS (CONTINUED)

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. During fiscal-years 2016 and 2015, there were no transfers between the fair-value hierarchy levels.

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

	September 30,					
	2016			2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market funds	\$ 333,427		\$ 333,427	\$ 293,849		\$ 293,849
Mutual funds	3,234,945		3,234,945	3,012,385		3,012,385
Fixed-income securities		\$ 320,035	320,035		\$ 323,287	323,287
Total	<u>\$3,568,372</u>	<u>\$ 320,035</u>	<u>\$3,888,407</u>	<u>\$ 3,306,234</u>	<u>\$ 323,287</u>	<u>\$ 3,629,521</u>

NOTE D - PROPERTY AND EQUIPMENT

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

	September 30,	
	2016	2015
Computers	\$ 266,078	\$ 266,078
Furniture and equipment	120,630	120,630
Leasehold improvements	347,786	347,786
Website	<u>149,600</u>	<u>149,600</u>
	884,094	884,094
Less: accumulated depreciation and amortization	<u>(608,887)</u>	<u>(501,591)</u>
	<u>\$ 275,207</u>	<u>\$ 382,503</u>

NOTE E - DONATED GOODS AND SERVICES

For recognition of donated goods and services in the Organization's financial statements, such goods or services must (i) create or enhance non-financial assets (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 statements of activities.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

NOTE E - DONATED GOODS AND SERVICES (CONTINUED)

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

	September 30,					
	2016			2015		
	Goods	Services	Total	Goods	Services	Total
Coat Drive	\$ 1,958,810		\$ 1,958,810	\$2,143,141		\$2,143,141
Project expenses		\$ 108,387	108,387		\$ 108,387	108,387
Special-event expenses	14,464		14,464	32,136		32,136
Professional fees		105,902	105,902		66,778	66,778
	<u>\$ 1,973,274</u>	<u>\$ 214,289</u>	<u>\$ 2,187,563</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 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 2016 and 2015, respectively, corporate sponsors funded approximately \$1,020,384 and \$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, 2016 and 2015, the remaining balances of \$136,870 and \$47,548 were recognized as receivables on the statements of financial position.

NOTE G - COMMITMENTS

[1] Operating lease:

During fiscal-year 2013, the Organization entered into an eleven-year, non-cancelable agreement to lease office space located at 65 Broadway in New York City. The Organization has also sublet a portion of this office space under an agreement that expired in May 2016. Rental income from the sublet space (which also included earnings from a former sublet space at 214 West 29th Street) amounted to \$56,650 and \$221,355 in fiscal-years 2016 and 2015, respectively.

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

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

NOTE G - COMMITMENTS (CONTINUED)

[1] Operating lease: (continued)

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 542,027
2018	555,578
2019	569,467
2020	583,704
2021	598,297
Thereafter	<u>1,081,765</u>
	<u>\$ 3,930,838</u>

Rental and maintenance expense was approximately \$509,000 and \$626,000 during fiscal-years 2016 and 2015, 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 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
Time restrictions	\$ 1,070,886	\$ 824,739
Winter benefit	239,250	33,000
Winter wishes	50,000	
Children's education	1,000	1,000
New York Cares day		<u>23,760</u>
	<u>\$ 1,361,136</u>	<u>\$ 882,499</u>

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

	<u>Year Ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Time restrictions	\$ 823,468	\$ 867,000
Winter benefit	18,000	132,500
Winter wishes		50,000
Children's education	1,000	
New York Cares day	23,761	
Day of service	1,020,384	1,002,372
Sandy relief project		255,637
December coat drive		25,000
Volunteer relations		<u>25,000</u>
	<u>\$ 1,886,613</u>	<u>\$ 2,357,509</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

NOTE I - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] Board-designated fund:

The Organization's endowment 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 each fiscal year:

	<u>Unrestricted</u>	
	<u>Year Ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Board-designated fund, beginning of year	<u>\$ 3,164,584</u>	<u>\$ 3,427,003</u>
Investment return:		
Dividend income	7,592	8,308
Net realized and unrealized appreciation/(depreciation)	<u>134,255</u>	<u>(270,727)</u>
Total investment return	<u>141,847</u>	<u>(262,419)</u>
Board-designated fund, end of year	<u>\$ 3,306,431</u>	<u>\$ 3,164,584</u>

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

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

[4] Spending policy:

The Organization has a policy of appropriating for distribution each year up to 5% of the total value of the funds, averaged over the year. If the total return in a single year is less than or equal to 5% of the corpus, and is greater than zero, the Executive Committee of the Board of Trustees may decide to transfer an amount up to the total return for the year.

NOTE J - PROGRAM AND SUPPORTING SERVICES EXPENSES

During each fiscal-year, expenses were allocated among program and supporting services as follows:

	<u>Year Ended September 30,</u>	
	<u>2015</u>	<u>2014</u>
Program services	<u>\$ 9,300,293</u>	\$ 8,941,603
Management and general	801,756	738,883
Fund-raising	<u>1,298,662</u>	<u>1,418,500</u>
	<u>\$ 11,400,711</u>	<u>\$ 11,098,986</u>

The above expenses are inclusive of expenses that have been reported net of revenue in the accompanying statements of activities. The direct benefit to donors of \$177,437 and \$184,660 are reported as fund-raising expenses for fiscal years 2016 and 2015.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2016 and 2015

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 contribution, if any, for all eligible participants. The match contributed by the Organization in fiscal-years 2016 and 2015 was \$58,799 and \$64,040, 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. Management does not believe that the Organization is exposed to any significant risk of loss related to the failures of these financial institutions.