

NEW YORK CARES, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 and 2022

NEW YORK CARES, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
New York Cares, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New York Cares, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New York Cares, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 3, 2024



NEW YORK CARES, INC.

Statements of Financial Position

	<u>September 30</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 4,395,952	\$ 3,336,856
Pledges receivable, net	2,678,391	2,322,270
Investments	4,644,249	4,409,875
Prepaid expenses	694,255	636,066
Property and equipment, net	<u>9,813</u>	<u>22,172</u>
 Total assets	 <u>\$ 12,422,660</u>	 <u>\$ 10,727,239</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 733,171	\$ 704,193
Refundable advances	278,395	206,523
Deferred rent obligation	<u>-</u>	<u>86,840</u>
 Total liabilities	 <u>1,011,566</u>	 <u>997,556</u>
 Commitments (Note L)		
Net Assets:		
Without donor restrictions:		
Undesignated, available for general operations	5,707,258	4,015,479
Board-designated endowment fund	4,296,153	4,077,112
 Total net assets without donor restrictions	 <u>10,003,411</u>	 <u>8,092,591</u>
With donor restrictions:		
Purpose and/or time-restricted for future periods	<u>1,407,683</u>	<u>1,637,092</u>
 Total net assets	 <u>11,411,094</u>	 <u>9,729,683</u>
 Total liabilities and net assets	 <u>\$ 12,422,660</u>	 <u>\$ 10,727,239</u>

See notes to financial statements.

NEW YORK CARES, INC.

Statements of Activities

	Year Ended September 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions and grants:						
Foundations	\$ 786,918	\$ 282,913	\$ 1,069,831	\$ 624,000	15,000	\$ 639,000
Corporations	3,637,590	464,950	4,102,540	2,867,304	962,767	3,830,071
Government	2,117,399	182,500	2,299,899	41,250	47,500	88,750
Individuals	1,841,460	405,292	2,246,752	1,654,193	319,635	1,973,828
Special events, (net of direct benefits to donors of \$197,432 and \$166,281 in 2023 and 2022, respectively)	1,652,187	71,930	1,724,117	1,495,828	473,881	1,969,709
Investment income, net	154,103	-	154,103	61,614	-	61,614
Other income	-	-	-	13,045	-	13,045
	<u>10,189,657</u>	<u>1,407,585</u>	<u>11,597,242</u>	<u>6,757,234</u>	<u>1,818,783</u>	<u>8,576,017</u>
Public support and revenue before donated goods and services	10,189,657	1,407,585	11,597,242	6,757,234	1,818,783	8,576,017
Donated goods and services (Note E)	889,511	-	889,511	913,771	-	913,771
	<u>11,079,168</u>	<u>1,407,585</u>	<u>12,486,753</u>	<u>7,671,005</u>	<u>1,818,783</u>	<u>9,489,788</u>
Total public support and revenue before net assets released from restriction	11,079,168	1,407,585	12,486,753	7,671,005	1,818,783	9,489,788
Net assets released from restriction	1,636,994	(1,636,994)	-	2,461,907	(2,461,907)	-
	<u>12,716,162</u>	<u>(229,409)</u>	<u>12,486,753</u>	<u>10,132,912</u>	<u>(643,124)</u>	<u>9,489,788</u>
Total public support and revenue	12,716,162	(229,409)	12,486,753	10,132,912	(643,124)	9,489,788
Expenses:						
Program services	8,804,588	-	8,804,588	8,952,810	-	8,952,810
General and administration	506,883	-	506,883	507,025	-	507,025
Fund-raising	1,632,117	-	1,632,117	1,410,903	-	1,410,903
	<u>10,943,588</u>	<u>-</u>	<u>10,943,588</u>	<u>10,870,738</u>	<u>-</u>	<u>10,870,738</u>
Total expenses	10,943,588	-	10,943,588	10,870,738	-	10,870,738
Other changes:						
Net realized and unrealized gains (losses) on investments	138,246	-	138,246	(668,483)	-	(668,483)
	<u>1,910,820</u>	<u>(229,409)</u>	<u>1,681,411</u>	<u>(1,406,309)</u>	<u>(643,124)</u>	<u>(2,049,433)</u>
Change in net assets	1,910,820	(229,409)	1,681,411	(1,406,309)	(643,124)	(2,049,433)
Net assets, beginning of year	8,092,591	1,637,092	9,729,683	9,498,900	2,280,216	11,779,116
	<u>\$ 10,003,411</u>	<u>\$ 1,407,683</u>	<u>\$ 11,411,094</u>	<u>\$ 8,092,591</u>	<u>\$ 1,637,092</u>	<u>\$ 9,729,683</u>
Net assets, end of year	\$ 10,003,411	\$ 1,407,683	\$ 11,411,094	\$ 8,092,591	\$ 1,637,092	\$ 9,729,683

See notes to financial statements.

NEW YORK CARES, INC.

Statements of Functional Expenses

	Year Ended September 30,									
	2023					2022				
	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	\$ 2,548,786	\$ -	\$ -	\$ -	\$ 2,548,786	\$ 2,609,797	\$ -	\$ -	\$ -	\$ 2,609,797
Salaries	3,837,354	338,649	715,433	1,054,082	4,891,436	3,635,318	315,574	640,935	956,509	4,591,827
Payroll taxes and employee benefits	830,207	59,393	144,204	203,597	1,033,804	869,736	60,006	146,613	206,619	1,076,355
Rent and related expenses	386,068	17,549	35,097	52,646	438,714	481,050	37,676	27,301	64,977	546,027
Technology and telecommunications	552,194	7,166	83,342	90,508	642,702	527,353	19,595	44,222	63,817	591,170
Printing and reproduction	25,956	843	5,830	6,673	32,629	21,833	367	1,539	1,906	23,739
Professional fees	375,484	73,145	62,015	135,160	510,644	369,065	50,527	144,582	195,109	564,174
Outreach	63,424	-	12,522	12,522	75,946	65,322	-	7,664	7,664	72,986
Fundraising fees (telemarketing)	-	-	110,045	110,045	110,045	-	-	100,642	100,642	100,642
Postage and shipping	6,682	382	1,043	1,425	8,107	12,292	664	1,905	2,569	14,861
Office expenses	84,710	4,460	11,778	16,238	100,948	266,453	17,508	39,882	57,390	323,843
Bad debt	-	-	332,587	332,587	332,587	-	-	94,960	94,960	94,960
Entertainment expenses	-	-	103,615	103,615	103,615	-	-	145,998	145,998	145,998
Catering	-	-	197,432	197,432	197,432	-	-	166,281	166,281	166,281
Insurance	75,384	4,306	11,763	16,069	91,453	70,138	3,788	10,870	14,658	84,796
Total expenses before depreciation and amortization	8,786,249	505,893	1,826,706	2,332,599	11,118,848	8,928,357	505,705	1,573,394	2,079,099	11,007,456
Depreciation and amortization	18,339	990	2,843	3,833	22,172	24,453	1,320	3,790	5,110	29,563
Total expenses	8,804,588	506,883	1,829,549	2,336,432	11,141,020	8,952,810	507,025	1,577,184	2,084,209	11,037,019
Less: direct benefits to donors	-	-	(197,432)	(197,432)	(197,432)	-	-	(166,281)	(166,281)	(166,281)
Total expenses per statements of activities	\$ 8,804,588	\$ 506,883	\$ 1,632,117	\$ 2,139,000	\$ 10,943,588	\$ 8,952,810	\$ 507,025	\$ 1,410,903	\$ 1,917,928	\$ 10,870,738

See notes to financial statements.

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

	Year Ended	
	September 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,681,411	\$ (2,049,433)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	22,172	29,563
Bad debt expense	332,587	94,960
Net realized and unrealized (gains) losses on investments	(138,246)	668,483
Changes in:		
Pledges receivable, net	(688,708)	(750,441)
Prepaid expenses	(58,189)	(184,303)
Accounts payable and accrued expenses	28,978	150,067
Refundable advances	71,872	57,586
Deferred rent obligation	(86,840)	(104,361)
	<u>1,165,037</u>	<u>(2,087,879)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchases of investments	(124,142)	(97,913)
Proceeds from sales of investments	28,014	42,289
Purchases of property and equipment	(9,813)	-
	<u>(105,941)</u>	<u>(55,624)</u>
Net cash used in investing activities		
Change in cash and cash equivalents	1,059,096	(2,143,503)
Cash and cash equivalents, beginning of year	<u>3,336,856</u>	<u>5,480,359</u>
Cash and cash equivalents, end of year	\$ 4,395,952	\$ 3,336,856
Supplemental disclosure of cash flow information:		
Noncash donations of goods and services	<u>\$ 889,511</u>	<u>\$ 913,771</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The 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 meets pressing community needs by mobilizing thousands of caring New Yorkers in service each year on (i) a wide variety of hands-on, year-round volunteer projects, (ii) corporate-sponsored employee engagement opportunities, and (iii) signature events (such as the New York Cares Coat Drive, Winter Wishes, and Stand with Students). The Organization partners with nonprofits, schools, and disaster-relief organizations ("Community Partners") to address their ongoing volunteer recruitment needs and manages tens of thousands of projects annually that scale impact to serve communities across NYC. The Organization's volunteers address city-wide inequities, including education, hunger, social isolation, and the ongoing maintenance of schools, parks, and gardens. Programs provide tutoring, social-emotional learning, workforce development, socialization with seniors, meal distribution, environmental stewardship, and more.

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 equity and fixed income 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 and 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 or 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 investments' cost to the fair values 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, 2023 and 2022

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 3 to 10 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 ongoing basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, recognizes any impairment in the year of determination. There were no triggering events occurring which would impact property and equipment requiring management to test for, or adjust for, impairment losses during fiscal year 2023 or 2022. However, 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. In response to the COVID-19 pandemic, the Organization temporarily updated its Time-Off Policy, allowing employees to carry over an additional five days of unused vacation time, for a total of fifteen days, into the 2022 calendar year. For the fiscal year 2023, the Organization reverted to its traditional policy. As of September 30, 2023 and 2022, the accrued vacation obligation was approximately \$89,000 and \$190,000, respectively, and has included within accounts payable and accrued expenses in the statements of financial position.

[8] 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.
- Board-designated endowment fund - designated by the Board of Directors to function as an endowment.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

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

[8] Net assets: (continued)

(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 a specific period of time. Net assets released from restrictions, which are reclassified as net assets without donor restrictions and reported in the statements of activities as 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.

[9] 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 contain donor-restricted purposes are reported as "with donor restrictions". Contributions to the Organization are recognized as revenue upon the receipt of cash, 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 costs of the event that are attributable to the benefits that the donors receive.

(iii) Other income:

During fiscal year 2022, the Organization received a tax refund from the Internal Revenue Service related to a transit tax that had been previously repealed. This refund has been included in other income on the statements of activities.

(iv) Donated goods and services (contribution of nonfinancial assets):

From time-to-time, the Organization receives various forms of gifts-in-kind, which are contributions of nonfinancial assets, including donated merchandise and scientific and legal services. These types of contributions are reported at their estimated fair value on the date of receipt and reported as expenses when utilized. Donated goods are valued based upon estimates of fair value that would be received for selling the goods in their principal marketplace considering their condition and utility for use at the time the goods are contributed by the donor. It is the Organization's policy that contributions of nonfinancial assets are only utilized within operations to support the Organization's mission and not monetized.

For recognition of donated services, such services must: (i) create or enhance non-financial assets; (ii) typically need to be acquired, if not provided by donation; (iii) require a specialized skill; and (iv) be provided by individuals possessing these skills.

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.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

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

[10] 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.

[11] 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.

[12] Adoption of accounting principle:

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months on the statements of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected to adopt ASU 2016-02 as of October 1, 2022, on a prospective basis.

The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The new lease standard also provides practical expedients for an entity's ongoing accounting. The Organization elected the short-term lease recognition exemption, under which the Organization will not recognize right-of-use assets or lease liabilities on new or existing short-term leases. Short-term leases are defined as those with a term of 12 months or less. The Organization also elected the practical expedient to not separate lease and non-lease components for certain classes of assets. As of July 1, 2023, the Organization was renting temporary space on a month-to-month basis. The Organization entered into an eleven year lease agreement for new space on June 22, 2023 with a commencement date of January 8, 2024; however, the Organization gained exclusive access to the space on December 15, 2023 which, in accordance with ASC Topic 842, becomes the effective date for lease recognition.

[13] Reclassification:

Certain amounts in the fiscal-year 2022 financial statements have been reclassified to conform to the presentation in the fiscal-year 2023 financial statements.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

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

[14] Subsequent events:

The Organization evaluated subsequent events through May 3, 2024, the date on which the financial statements were available to be issued.

NOTE B - PLEDGES RECEIVABLE

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

	September 30,	
	2023	2022
Less than one year	\$ 2,060,552	\$ 2,472,757
One to five years	963,000	-
	<u>3,023,552</u>	2,472,757
Less: discount to present value of 4%	(12,574)	-
Less: allowance for uncollectible amounts	<u>(332,587)</u>	<u>(150,487)</u>
	<u>\$ 2,678,391</u>	<u>\$ 2,322,270</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:

	September 30,			
	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	\$ 348,096	\$ 348,096	\$ 332,763	\$ 332,763
Mutual funds:				
Bond funds	3,339,841	3,721,434	3,282,658	3,657,430
Stock funds	956,312	538,649	794,454	523,844
	<u>\$ 4,644,249</u>	<u>\$ 4,608,179</u>	<u>\$ 4,409,875</u>	<u>\$ 4,514,037</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

NOTE C - INVESTMENTS (CONTINUED)

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

	Year Ended September 30,	
	2023	2022
Interest and dividends	\$ 184,103	\$ 88,085
Investment fees	<u>(30,000)</u>	<u>(26,471)</u>
Net investment income	<u>154,103</u>	<u>61,614</u>
Unrealized gains (losses)	140,232	(689,018)
Realized (losses) gains	<u>(1,986)</u>	<u>20,535</u>
Total unrealized and realized gains (losses)	<u>138,246</u>	<u>(668,483)</u>
Total investment return (losses)	<u>\$ 292,349</u>	<u>\$ (606,869)</u>

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

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

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,			
	2023		2022	
	Level 1	Total	Level 1	Total
Money-market funds	\$ 348,096	\$ 348,096	\$ 332,763	\$ 332,763
Mutual funds	<u>4,296,153</u>	<u>4,296,153</u>	<u>4,077,112</u>	<u>4,077,112</u>
	<u>\$ 4,644,249</u>	<u>\$ 4,644,249</u>	<u>\$ 4,409,875</u>	<u>\$ 4,409,875</u>

NEW YORK CARES, INC.

**Notes to Financial Statements
September 30, 2023 and 2022**

NOTE D - PROPERTY AND EQUIPMENT

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

	September 30,	
	2023	2022
Computers and other information technology	\$ -	\$ 429,786
Furniture and equipment	-	120,630
Leasehold improvements	9,813	347,786
	9,813	898,202
Less: accumulated depreciation and amortization	-	(876,030)
	\$ 9,813	\$ 22,172

As of June 30, 2023, the Organization disposed of fully depreciated leasehold improvements, computers, and furniture and equipment related to the previous office space that were no longer in use in the amount of \$898,202. There were no disposals during fiscal year 2022.

NOTE E - DONATED GOODS AND SERVICES

The tables below disclose the in-kind donations received in each fiscal year, as well as the valuation techniques and inputs, the existence of donor restrictions, and the utilization in accordance with ASU 2020-07:

	Year Ended September 30, 2023			
	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated coats	\$ 318,820	Coats for homeless program	None	Valued using published indices for similar donated apparel.
Donated advertising	\$ 307,723	Communications	None	Valued using published indices for similarly placed ads.
Donated legal services	\$ 179,635	Various administrative matters	N/A	Contributed services are considered to reflect fair market rates for services performed in the New York marketplace.
Donated usage of warehouse space	\$ 83,333	Coats for homeless program	None	In valuing the contributed warehouse space located in Manhattan, the Organization estimated the fair value on the basis of comparable rent prices in Manhattan.
Total	\$ 889,511			

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

NOTE E - DONATED GOODS AND SERVICES (CONTINUED)

	Year Ended September 30, 2022			
	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated coats	\$ 464,265	Coats program for homeless	None	Valued using published indices for similar donated apparel.
Donated advertising	\$ 250,000	Communications	None	Valued using published indices for similarly placed ads.
Donated legal services	\$ 94,180	Various administrative matters	N/A	Contributed services are considered to reflect fair market rates for services performed in the New York marketplace.
Donated usage of warehouse space	\$ 83,333	Coats program for homeless	None	In valuing the contributed warehouse space located in Manhattan, the Organization estimated the fair value on the basis of comparable rent prices in Manhattan.
Donated project expenses and other supplies	\$ 21,993	Utilized in volunteer programs and special events	None	Reflected at market prices in the various principal markets where they are consumed.
Total	\$ 913,771			

NOTE F - DAYS OF SERVICE

During fiscal-years 2023 and 2022, corporate sponsors funded approximately \$636,715 and \$405,000 in program-related supplies and expenses that benefit the Organization's community partners, respectively. 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, 2023 and 2022, the \$278,395 and \$206,523, respectively, was recognized as refundable advances on the statements of financial position for projects that had not yet taken place.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	September 30,	
	2023	2022
Subject to the passage of time:		
Pledges	\$ 1,265,303	\$ 885,175
December coat drive	45,000	88,938
NYC Marathon	-	98
Winter benefit	71,930	512,881
Subject to purpose restrictions:		
Cash for coats	25,450	150,000
	<u>\$ 1,407,683</u>	<u>\$ 1,637,092</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Expiration of time restrictions:		
Pledges	\$ 878,197	\$ 1,091,718
December coat drive	56,818	83,967
NYC Marathon	98	19,559
Winter benefit	512,881	379,010
Satisfaction of purpose restrictions:		
Cash for coats	150,000	165,000
Stand with Students	-	718,653
Winter wishes	39,000	4,000
	<u>\$ 1,636,994</u>	<u>\$ 2,461,907</u>

NOTE H - ACCOUNTING AND REPORTING FOR THE ENDOWMENT

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

The Organization's endowment consists 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>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Board-designated fund, beginning of year	\$ 4,077,112	\$ 4,692,198
Investment return:		
Dividend income, net	80,795	58,113
Net realized and unrealized appreciation (depreciation)	138,246	(673,199)
Total investment return (loss)	219,041	(615,086)
Board-designated fund, end of year	<u>\$ 4,296,153</u>	<u>\$ 4,077,112</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

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

[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.

[5] Spending policy:

The Executive Committee of the Board of Directors of 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 Executive Committee elected not to appropriate the Organization's endowment fund during either fiscal year.

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use within one year due to 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>September 30</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,395,952	\$ 3,336,856
Pledges receivable, net	2,678,391	2,322,270
Investments	<u>4,644,248</u>	<u>4,409,875</u>
Total financial assets available within one year	<u>11,718,591</u>	<u>10,069,001</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors for:		
Purpose and/or time restrictions	<u>(1,407,683)</u>	<u>(1,637,092)</u>
Amounts unavailable to management without the Board's approval:		
Board-designated endowment fund	<u>(4,296,153)</u>	<u>(4,077,112)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,014,755</u>	<u>\$ 4,354,797</u>

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

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 - 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 2023 and 2022 was \$44,101 and \$39,598, respectively.

NOTE K - 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 has not experienced any losses in such accounts, and management monitors the risk associated with concentrations on an ongoing basis.

NOTE L - COMMITMENTS

[1] Office Leases:

The Organization's existing office lease at 65 Broadway in New York City terminated on June 30, 2023, and this lease required a \$214,968 security deposit. The Organization entered into an eleven year lease agreement for new space at 39 Broadway on June 22, 2023 with a commencement date of January 8, 2024. This lease agreement required that a security deposit of \$110,400 be paid in June 2023, and, as such, it is included in prepaid expenses in the statements of financial position along with the 65 Broadway security deposit, for a total of \$325,368 as of September 30, 2023. From July 1, 2023 through January 31, 2024, the Organization utilized temporary space within the same building at 39 Broadway, rented on a month-to-month basis for approximately \$10,000 per month.

Rental expense was approximately \$414,000 and \$509,000 in fiscal-years 2023 and 2022, respectively. The eleven year lease agreement at 39 Broadway includes twelve months of free rent from the commencement date.

NEW YORK CARES, INC.

Notes to Financial Statements September 30, 2023 and 2022

NOTE L – COMMITMENTS (CONTINUED)

[1] Office Leases: (continued)

The future minimum lease payments on the above lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2024	\$ 60,299
2025	209,760
2026	318,835
2027	325,212
2028	331,716
Thereafter	<u>2,435,502</u>
	<u>\$ 3,681,325</u>

[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 M -SUBSEQUENT EVENT

Subsequent to September 30, 2023, the Organization entered into various contracts related to the construction and furnishing of its future office space totaling approximately \$285,000.