

# RESTORE NYC, INC.

Financial Statements  
With Independent Auditors' Report

September 30, 2016 and 2015

# RESTORE NYC, INC.

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Restore NYC, Inc.  
New York, New York

We have audited the accompanying financial statements of Restore NYC, Inc., which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Restore NYC, Inc. as of September 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



New York, New York  
December 16, 2016

# RESTORE NYC, INC.

## Statements of Financial Position

	September 30,	
	2016	2015
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 942,805	\$ 781,077
Contributions and grants receivable	92,228	20,000
Loan receivable	10,560	-
Prepaid expenses	11,388	17,684
Investments	67,234	25,510
Property and equipment - net	57,776	15,377
Security deposits	22,015	15,100
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,204,006</u>	<u>\$ 874,748</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable, accrued expenses and deferred income	\$ 50,982	\$ 12,901
Total liabilities	<u>50,982</u>	<u>12,901</u>
Net assets:		
Unrestricted:		
Undesignated	938,497	659,887
Board designated	200,000	200,000
	<u>1,138,497</u>	<u>859,887</u>
Temporarily restricted	14,527	1,960
Total net assets	<u>1,153,024</u>	<u>861,847</u>
Total Liabilities and Net Assets	<u>\$ 1,204,006</u>	<u>\$ 874,748</u>

See notes to financial statements

# RESTORE NYC, INC.

## Statements of Activities

	Year Ended September 30,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions and grants	\$1,413,173	\$ 72,800	\$1,485,973	\$ 870,389	\$ 137,500	\$ 1,007,889
Fundraising event, net of direct benefit costs	76,984	-	76,984	8,970	-	8,970
Donated materials	55,650	-	55,650	10,067	-	10,067
Investment income	22,127	-	22,127	10,528	-	10,528
Other revenue	2,048	-	2,048	1,166	-	1,166
Net assets released from restrictions	60,233	(60,233)	-	186,794	(186,794)	-
Total Support, Revenue, and Reclassifications	<u>1,630,215</u>	<u>12,567</u>	<u>1,642,782</u>	<u>1,087,914</u>	<u>(49,294)</u>	<u>1,038,620</u>
EXPENSES:						
Program services	953,848	-	953,848	805,172	-	805,172
Supporting services:						
Management and general	127,990	-	127,990	74,869	-	74,869
Fundraising	269,767	-	269,767	121,202	-	121,202
Total Expenses	<u>1,351,605</u>	<u>-</u>	<u>1,351,605</u>	<u>1,001,243</u>	<u>-</u>	<u>1,001,243</u>
Change in Net Assets	278,610	12,567	291,177	86,671	(49,294)	37,377
Net Assets, Beginning of Year	<u>859,887</u>	<u>1,960</u>	<u>861,847</u>	<u>773,216</u>	<u>51,254</u>	<u>824,470</u>
Net Assets, End of Year	<u>\$1,138,497</u>	<u>\$ 14,527</u>	<u>\$1,153,024</u>	<u>\$ 859,887</u>	<u>\$ 1,960</u>	<u>\$ 861,847</u>

See notes to financial statements

# RESTORE NYC, INC.

## Statements of Cash Flows

	Year Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 291,177	\$ 37,377
Adjustments to reconcile net change in net assets to cash provided (used) by operating activities:		
Depreciation	10,080	5,823
Noncash stock gifts	(21,865)	(8,136)
Realized gains on investments	-	(10,368)
Unrealized (gains) losses on investments	(19,859)	2,022
(Increase) decrease in:		
Contributions and grants receivable	(72,228)	4,268
Prepaid expenses	6,296	(5,515)
Security deposits	(6,915)	1,610
Accounts payable, accrued expenses and deferred income	38,081	(1,982)
Net Cash Provided by Operating Activities	<u>224,767</u>	<u>25,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(52,479)	-
Loan advance	(10,560)	-
Net Cash Used by Investing Activities	<u>(63,039)</u>	<u>-</u>
Change in Cash and Cash Equivalents	161,728	25,099
Cash and Cash Equivalents, Beginning of Year	<u>781,077</u>	<u>755,978</u>
Cash and Cash Equivalents, End of Year	<u>\$ 942,805</u>	<u>\$ 781,077</u>

See notes to financial statements

## RESTORE NYC, INC.

### Statement of Functional Expenses

Year Ended September 30, 2016

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 555,263	\$ 76,010	\$ 173,885	\$ 805,158
Payroll taxes	56,310	7,708	17,634	81,652
Employee benefits	41,909	4,977	11,385	58,271
Total salaries and related expenses	653,482	88,695	202,904	945,081
Occupancy	150,370	7,735	6,795	164,900
Professional fees	32,012	13,966	14,812	60,790
Event costs	15,997	-	24,564	40,561
Supplies	27,809	5,946	5,946	39,701
Program expense	33,966	-	-	33,966
Conference/meetings	14,441	1,886	298	16,625
Database management	950	97	12,784	13,831
Insurance	6,848	5,767	457	13,072
Travel	2,962	370	370	3,702
Printing	1,941	970	323	3,234
Telephone	1,724	369	369	2,462
Miscellaneous	2,059	248	17	2,324
Postage	765	383	128	1,276
Total expenses before depreciation	945,326	126,432	269,767	1,341,525
Depreciation	8,522	1,558	-	10,080
Total expenses	<u>\$ 953,848</u>	<u>\$ 127,990</u>	<u>\$ 269,767</u>	<u>\$ 1,351,605</u>

See notes to financial statements

## RESTORE NYC, INC.

### Statement of Functional Expenses

Year Ended September 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 471,412	\$ 36,272	\$ 65,124	\$ 572,808
Payroll taxes	47,618	3,664	6,578	57,860
Employee benefits	42,862	3,259	5,852	51,973
Total salaries and related expenses	<u>561,892</u>	<u>43,195</u>	<u>77,554</u>	<u>682,641</u>
Occupancy	119,535	8,975	7,537	136,047
Program expense	58,873	-	-	58,873
Professional fees	29,179	17,612	6,366	53,157
Event costs	845	-	24,739	25,584
Supplies	7,941	-	2,803	10,744
Conference/meetings	7,978	853	669	9,500
Insurance	6,423	-	-	6,423
Travel	2,342	242	242	2,826
Telephone	2,101	346	346	2,793
Printing	1,519	760	253	2,532
Postage	858	429	143	1,430
Subscriptions	611	306	102	1,019
Database management	-	997	-	997
Miscellaneous	152	254	448	854
Total expenses before depreciation	<u>800,249</u>	<u>73,969</u>	<u>121,202</u>	<u>995,420</u>
Depreciation	4,923	900	-	5,823
Total expenses	<u>\$ 805,172</u>	<u>\$ 74,869</u>	<u>\$ 121,202</u>	<u>\$ 1,001,243</u>

See notes to financial statements



# RESTORE NYC, INC.

## Notes To Financial Statements

September 30, 2016 and 2015

1. NATURE OF ORGANIZATION:

Restore NYC, Inc., (Organization) is organized as a not-for-profit corporation in the State of New York and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Its primary purpose is to provide assistance to women enslaved by the sex trade by providing safe housing and specialized services to restore their physical, emotional, and spiritual health. Revenues are derived primarily from support from the general public and private grants.

2. SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

### CLASSES OF NET ASSETS

The Organization receives support and revenue from a variety of sources including private contributions. Contributions received are reported as unrestricted or temporarily restricted support depending upon the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Organization.

Donor-restricted contributions are reported as increases in temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions expire.

The financial statements report amounts separately by class of net assets.

- *Unrestricted net assets* are free of donor-imposed restrictions and all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- *Temporarily restricted net assets* are used by the Organization and are limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes checking, savings, and money market accounts. Certificates of deposit with maturity of three months or less when purchased are considered to be cash equivalents. From time to time the Organization has deposits in excess of federal deposit insurance limits. The Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant risk of loss related to these.

# RESTORE NYC, INC.

## Notes To Financial Statements

September 30, 2016 and 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS AND INVESTMENT INCOME

Investments are reported at fair value based on quoted market prices. Investment income, including realized and unrealized gains and losses, are included in the statements of activities. Donated investments are reflected as contributions at fair market value at date of receipt.

#### CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional promises to give are recognized as income when made and recorded at fair value based upon estimated future cash flows. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Grants receivable amounted to approximately \$33,300 and \$20,000 for the years ended September 30, 2016 and 2015, respectively. Contributions receivable amounted to approximately \$58,900 for the year ended September 30, 2016. All amounts are expected to be received subsequent to fiscal year end. The Organization has determined that no allowance for uncollectible accounts for grants receivables and contribution receivables is necessary as of September 30, 2016.

#### LOAN RECEIVABLE

During the year ended September 30, 2016, the Organization entered into an agreement with another organization to assist in funding their start-up costs. The Organization loaned the for-profit entity \$10,560, through a non-interest bearing loan. The loan repayment is due in November 2021.

#### PROPERTY AND EQUIPMENT

Fixed assets are capitalized at cost, or if donated, at the fair market value at the date of the gift. Expenditures over \$2,500 that enhance the useful lives of the assets are capitalized and depreciated. Expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved and any gain or loss is included in operations.

Estimated useful lives are:

Vehicles	5 years
Leasehold improvements	Remaining life of the lease

#### DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 958, *Not-for-Profit Entities*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

# RESTORE NYC, INC.

## Notes To Financial Statements

September 30, 2016 and 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are reported in expenses in the statements of activities. As of September 30, 2016 and 2015, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization files information tax returns in the U.S. and certain states. The Organization is generally no longer subject to U.S. federal or state examinations by tax authorities for years before 2011.

#### FAIR VALUE MEASUREMENTS

The Organization reports its fair value measurements using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GAAP are:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market activity).

The Organization's investments consist of shares of common stock. The investments are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under FASB ASC 820, *Fair Value Measurements and Disclosures*.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and related activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the respective programs and supporting services using the methodologies developed and consistently applied by management.

# RESTORE NYC, INC.

## Notes To Financial Statements

September 30, 2016 and 2015

3. INVESTMENTS:

Investments at fair value consist of the following:

	September 30,	
	2016	2015
Common stock	\$ 67,234	\$ 25,510

Investment income is composed of the following:

	Year Ended September 30,	
	2016	2015
Interest and dividends	\$ 2,268	\$ 2,182
Net realized and unrealized gains	19,859	8,346
Total investment income	\$ 22,127	\$ 10,528

4. DONATED MATERIALS:

Donated materials are recorded at fair value on the date of donation. The Organization received donated goods valued at \$33,785 and \$1,931 during the years ended September 30, 2016 and 2015, respectively. The Organization received donated stock valued at \$21,865 and \$8,136 during the years ended September 30, 2016 and 2015, respectively. These amounts are included in donated services and materials income on the statements of activities.

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	September 30,	
	2016	2015
Vehicles	\$ 24,621	\$ 24,621
Leasehold improvements	56,979	4,500
Less accumulated depreciation	(23,824)	(13,744)
	\$ 57,776	\$ 15,377

Depreciation expense amounted to \$10,080 and \$5,823 for the years ended September 30, 2016 and 2015, respectively.

# RESTORE NYC, INC.

## Notes To Financial Statements

September 30, 2016 and 2015

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	September 30,	
	2016	2015
Safe House	\$ 10,000	\$ -
Mandarin survivor video project	4,527	-
Technology	-	1,960
	<u>\$ 14,527</u>	<u>\$ 1,960</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	Year Ended September 30,	
	2016	2015
Outreach Program	\$ 50,000	\$ 60,000
NY Safe house	5,000	58,000
Mandarin survivor video project	3,273	-
Technology	1,960	3,040
Client housing	-	25,000
Provisional care and services	-	18,750
NY Office	-	12,000
NJ Safe House	-	8,700
Individual clients	-	1,304
	<u>\$ 60,233</u>	<u>\$ 186,794</u>

# RESTORE NYC, INC.

## Notes To Financial Statements

September 30, 2016 and 2015

7. OPERATING LEASES:

The Organization has two operating leases primarily for office space and client housing in New York. As of September 30, 2016 and 2015, payments amounted to \$121,932 and \$106,800, respectively, and were charged to rent expense. Estimated minimum rent payments for subsequent years are as follows:

Year Ending September 30,

2017	\$	148,776
2018		154,716
2019		<u>50,280</u>
	\$	<u><u>353,772</u></u>

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. No additional subsequent events were disclosed that require disclosure.