RESTORE NYC, INC.

Financial Statements
With Independent Auditors' Report

September 30, 2014

CAPIN CROUSE LLP
Certified Public Accountants

RESTORE NYC, INC.

Table of Contents

CAPINCROUSE LLP
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Restore NYC, Inc., which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, cash flows and functional expenses for the year 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 audit. We conducted our audit 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 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, 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

New York, New York
December 17, 2014

RESTORE NYC, INC.

Statement of Financial Position

September 30, 2014

ASSETS:		
Cash and cash equivalents	$	755,978
Contributions receivable		24,268
Prepaid expenses		12,169
Investments		9,028
Property and equipment		21,200
Security deposits		16,710
Total Assets	$	839,353
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$	14,883
Total liabilities		14,883
Net assets:		
Unrestricted		
Undesignated		573,216
Board designated		200,000
		773,216
Temporarily restricted		51,254
Total net assets		824,470
Total Liabilities and Net Assets	$	839,353

See notes to financial statements

RESTORE NYC, INC.

Statement of Activities

Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:			
Contributions and grants	$ 734,027	$ 146,210	$ 880,237
Fundraising events, net of direct benefit costs	57,236	-	57,236
Donated services and materials	18,351	-	18,351
Investment income	1,269	-	1,269
Other revenue	1,361	-	1,361
Net assets released from restrictions	245,116	(245,116)	-
Total Support, Revenue, and Reclassifications	1,057,360	(98,906)	958,454
EXPENSES:			
Program services	626,272	-	626,272
Supporting services:			
Management and general	101,633	-	101,633
Fundraising	113,220	-	113,220
Total Expenses	841,125	-	841,125
Change in Net Assets	216,235	(98,906)	117,329
Net Assets, Beginning of Year	556,981	150,160	707,141
Net Assets, End of Year	$ 773,216	$ 51,254	824,470

See notes to financial statements

RESTORE NYC, INC.

Statement of Cash Flows

Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	117,329
Adjustments to reconcile net change in net assets to cash provided (used) by operating activities:		
Depreciation		5,825
Realized loss on investments		175
Unrealized gains on investments		(813)
(Increase) decrease in:		
Contributions receivable		(21,795)
Prepaid expenses		5,534
Security deposits		3,302
Accounts payable and accrued expenses		(149)
Net Cash Provided by Operating Activities		109,408
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments		3,976
Purchases of property and equipment		(4,500)
Purchases of investments		(6,676)
Net Cash Used by Investing Activities		(7,200)
Change in Cash and Cash Equivalents		102,208
Cash and Cash Equivalents, Beginning of Year		653,770
Cash and Cash Equivalents, End of Year	$	755,978

See notes to financial statements

RESTORE NYC, INC.

Statement of Functional Expenses

September 30, 2014

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 316,570	$ 42,661	$ 60,043	$ 419,274
Payroll taxes	26,596	3,584	5,044	35,224
Employee benefits	54,816	7,387	10,397	72,600
Total salaries and related expenses	397,982	53,632	75,484	527,098
Occupancy	124,363	4,754	4,754	133,871
Professional fees	12,921	36,140	10,138	59,199
Program expense	37,561	-	-	37,561
Fundraising event costs	-	-	16,648	16,648
Conference/meetings	11,890	758	753	13,401
Supplies	9,945	1,666	1,537	13,148
Insurance	9,321	742	1,045	11,108
Travel	6,318	842	1,391	8,551
Database management	4,679	405	405	5,489
Telephone	3,715	225	225	4,165
Miscellaneous	1,586	656	357	2,599
Printing	588	588	294	1,470
Postage	323	323	161	807
Subscriptions	129	28	28	185
Total expenses before depreciation	621,321	100,759	113,220	835,300
Depreciation	4,951	874	-	5,825
Total expenses	$ 626,272	$ 101,633	$ 113,220	$ 841,125

See notes to financial statements

RESTORE NYC, INC.

Notes To Financial Statements

September 30, 2014

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.

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, temporarily restricted, or permanently 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.

   Restricted contributions and investment income that is limited to specific uses by donor-imposed restrictions are reported as unrestricted when the restrictions are met within the same reporting period. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. 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.

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 reflected included in the statement 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.

Grant receivable amounted to approximately $16,700 for the year ended September 30, 2014. 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 is necessary as of September 30, 2014.

PROPERTY AND EQUIPMENT

Fixed assets are capitalized at cost, or if donated, at the fair market value at the date of the gift. Expenditures 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, 2014

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 statement of activities. As of September 30, 2014, 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 2009.

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* .

FUNCTOINAL ALLOCATION OF EXPENES

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

3. INVESTMENTS:

Investments at fair value consist of the following:

Common stock	$	9,028

Investment income is composed of the following:

Investment income	$	(1,907)
Net realized and unrealized gain		638
Total investment income	$	(1,269)

4. IN-KIND DONATIONS AND DONATED SERVICES:

Donated assets are recorded as fair value on the date of donation. The Organization received donated goods valued at $2,699 during the year ended September 30, 2014. The Organization received donated stock valued at $5,150 during the year ended September 30, 2014. These amounts are included in donated services and materials income on the statement of activities.

Donated services are measured at their fair values as determined by management. During the year ended September 30, 2014, the value of contributed services meeting the requirements for recognition totaled $15,652 and was recorded as a program expense.

5. PROPERTYAND EQUIPMENT:

Property and equipment at September 30, 2014, are as follows:

Vehicles	$	24,621
Leasehold improvements		4,500
Less accumulated depreciation		(7,921)
	$	21,200

Depreciation expense amounted to $5,825 for the year ended September 30, 2014.

6. CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances at two financial institutions. All accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At September 30, 2014, the balance at one financial institution exceeded the insured limit by approximately $231,600.

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

NY Safe House	$	22,500
Provisional care and services		18,750
NJ Safe House		8,700
Individual clients		1,304
	$	51,254

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

Client housing	$	127,500
Released from time restriction		30,000
NY Safe house		22,500
Outreach Program		17,500
NJ Safe House		10,000
Biblical based counseling		7,000
Provisional care and services		6,750
Art Therapy Program		6,000
Public Art Program		5,000
NYC Art Commission Project		5,000
ESL tutoring/coordinator support		4,656
NY Office		3,210
	$	245,116

8. OPERATING LEASES:

Restore NYC, Inc. has three operating leases primarily for office space, client housing in NY, and client housing in NJ. The monthly rental expenses for the office space lease and client housing in NY and NJ are $2,575, $5,900, and $2,500, respectively. Office space lease is for the period June 1, 2013 to May 31, 2016, client housing in NY lease is for the period June 1, 2014 to September 30, 2016. Total future rental payments for leases from October 1, 2014 to September 30, 2016, are:

2014-2015	$	105,800
2015-2016		97,900

9. 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.