

**RESTORE NYC, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**For the Year Ended  
September 30, 2011**

**\* \* \***

**RESTORE NYC, INC.**

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**LAMBRIDES**  
ARNOLD, MOULTHROP LLP  
CERTIFIED PUBLIC ACCOUNTANTS

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

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of Restore NYC, Inc. (a non-profit organization) as of September 30, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's September 30, 2010 financial statements and, in our report dated February 2, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Lambides, Arnold, Moulthrop LLP*

February 15, 2012

**RESTORE NYC, INC.**

**STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2011  
WITH SUMMARIZED FINANCIAL INFORMATION  
AS OF SEPTEMBER 30, 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 270,746	\$ 209,787
Contributions receivable	35,137	97,855
Prepaid expense	3,942	1,400
Security deposits	<u>5,060</u>	<u>4,600</u>
Total assets	<u>\$ 314,885</u>	<u>\$ 313,642</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ <u>10,267</u>	\$ <u>4,750</u>
Total liabilities	<u>10,267</u>	<u>4,750</u>
<b>Net Assets:</b>		
Unrestricted	270,618	242,796
Temporarily restricted (Note 3)	<u>34,000</u>	<u>66,096</u>
Total net assets	<u>304,618</u>	<u>308,892</u>
Total liabilities and net assets	<u>\$ 314,885</u>	<u>\$ 313,642</u>

See notes to the financial statements.

Exhibit A

**RESTORE NYC, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2011</u>	<u>2010</u>
<b>Revenue, Gains, and Other Support:</b>				
Contributions and grants	\$ 286,669	\$ 55,500	\$ 342,169	\$ 338,350
Fundraising events, net of direct expense of \$50,179-2011; \$29,449 - 2010	20,496		20,496	14,350
Donated services	2,058		2,058	2,500
Interest income	2,412		2,412	1,368
Net assets released from restriction (Note 3)	<u>87,596</u>	<u>(87,596)</u>	<u>-</u>	<u>-</u>
Total revenue, gains, and other support	<u>399,231</u>	<u>(32,096)</u>	<u>367,135</u>	<u>356,568</u>
<b>Expenses:</b>				
Program services	281,591		281,591	157,716
Supporting services:				
Management and general	59,698		59,698	32,685
Fundraising	<u>30,120</u>		<u>30,120</u>	<u>22,181</u>
Total expenses	<u>371,409</u>	<u>-</u>	<u>371,409</u>	<u>212,582</u>
<b>Change in Net Assets</b>	27,822	(32,096)	(4,274)	143,986
<b>Net Assets at Beginning of Year</b>	<u>242,796</u>	<u>66,096</u>	<u>308,892</u>	<u>164,906</u>
<b>Net Assets at End of Year</b>	<u>\$ 270,618</u>	<u>\$ 34,000</u>	<u>\$ 304,618</u>	<u>\$ 308,892</u>

See notes to the financial statements.

Exhibit B

**RESTORE NYC, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (4,274)	\$ 143,986
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Contributions receivable	62,718	(95,170)
Prepaid expenses	(2,542)	3,858
Security deposits	(460)	(4,600)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>5,517</u>	<u>4,750</u>
Net cash provided by operating activities	<u>60,959</u>	<u>52,824</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>60,959</b>	<b>52,824</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b><u>209,787</u></b>	<b><u>156,963</u></b>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$270,746</u></b>	<b><u>\$209,787</u></b>

See notes to the financial statements.

Exhibit C

**RESTORE NYC, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<b>PROGRAM SERVICES</b>	<b>MANAGEMENT AND GENERAL</b>	<b>FUNDRAISING</b>	<b>TOTAL EXPENSES</b>	
				<b>2011</b>	<b>2010</b>
Salaries	\$ 134,126	\$ 20,872	\$ 15,143	\$ 170,141	\$ 137,885
Payroll taxes	11,422	1,777	1,289	14,488	10,652
Employee benefits	<u>14,679</u>	<u>2,284</u>	<u>1,657</u>	<u>18,620</u>	<u>6,720</u>
Total salaries and related expenses	160,227	24,933	18,089	203,249	155,257
Program expense	29,749			29,749	2,698
Donated services	1,957			1,957	2,500
Supplies	1,394	1,436	1,394	4,224	2,467
Professional fees	2,846	16,882	1,442	21,170	19,973
Occupancy	61,924	4,950		66,874	10,100
Insurance	3,434	1,191	191	4,816	3,592
Postage	20	364	20	404	234
Printing	3,258	1,629	3,259	8,146	1,660
Marketing	2,500		2,500	5,000	1,302
Database management	1,689	563		2,252	1,259
Telephone	1,703	227	341	2,271	1,476
Subscription	109		188	297	-
Conference/meetings	4,039		449	4,488	3,646
Travel	6,742		2,247	8,989	1,444
Bank charges		5,342		5,342	2,378
Miscellaneous		<u>2,181</u>		<u>2,181</u>	<u>2,596</u>
Total expenses	<u>\$ 281,591</u>	<u>\$ 59,698</u>	<u>\$ 30,120</u>	<u>\$ 371,409</u>	<u>\$ 212,582</u>

See notes to the financial statements.

Exhibit D

## **RESTORE NYC, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2011**

#### **1. 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. Summary of Significant Accounting Policies:**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

##### **(a) *Accrual Basis***

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

##### **(b) *Net Assets***

The net assets of Restore NYC, Inc. and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.
- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.
- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

##### **(c) *Prior-Year Summarized Comparative Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2010, from which the summarized information was derived.

Continued



**RESTORE NYC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**2. Summary of Significant Accounting Policies: (continued)**

**(d) *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.

**(e) *Contributions***

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

**(f) *Firm Pledges***

Firm pledges are recognized as income in the year for which the pledge is made. Pledges that are expected to be received within one year are recorded at net realizable value.

**(g) *Use of Estimates***

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. Contributions Receivable:**

Contributions receivable are expected to be collected by September 30, 2012.

**4. Temporarily Restricted Net assets:**

Temporarily restricted net assets are available for the following purposes:

Client housing	\$ 9,000
Client aftercare and activities	23,000
Individual clients	<u>2,000</u>
	<u>\$ 34,000</u>

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

Client housing	\$ 58,400
Client aftercare and activities	26,696
Website	<u>2,500</u>
	<u>\$ 87,596</u>

Continued

**RESTORE NYC, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**5. Operating Leases:**

Restore NYC, Inc. has two operating leases primarily for office space and client housing. The monthly rental expenses for the office space lease and client housing are \$1,800 and \$3,100, respectively. Office space lease is for the period July 1, 2011 to June 30, 2012, and client housing lease is for the period September 1, 2010 to August 31, 2012. Both leases are renewable and may be terminated on 60 days written notice by either lessor or lessee.

**6. Functional Allocation of Expense:**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**7. Subsequent Events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 15, 2012, the date the financial statements were available to be issued.

**Concluded**