

RESTORE NYC, INC.

Financial Statements
With Independent Auditors' Report

September 30, 2015 and 2014

RESTORE NYC, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statement of Functional Expenses–2015	5
Statement of Functional Expenses–2014	6
Notes to Financial Statements	7

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, 2015 and 2014, 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, 2015 and 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.

A handwritten signature in cursive script that reads "Capin Crouse LLP".

New York, New York
December 8, 2015

RESTORE NYC, INC.

Statements of Financial Position

	September 30,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 781,077	\$ 755,978
Contributions and grants receivable	20,000	24,268
Prepaid expenses	17,684	12,169
Investments	25,510	9,028
Property and equipment	15,377	21,200
Security deposits	15,100	16,710
	<u> </u>	<u> </u>
Total Assets	<u>\$ 874,748</u>	<u>\$ 839,353</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 12,901	\$ 14,883
Total liabilities	<u>12,901</u>	<u>14,883</u>
Net assets:		
Unrestricted:		
Undesignated	659,887	573,216
Board designated	200,000	200,000
	<u>859,887</u>	<u>773,216</u>
Temporarily restricted	1,960	51,254
Total net assets	<u>861,847</u>	<u>824,470</u>
Total Liabilities and Net Assets	<u>\$ 874,748</u>	<u>\$ 839,353</u>

See notes to financial statements

RESTORE NYC, INC.

Statements of Activities

	Year Ended September 30,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions and grants	\$ 870,389	\$ 137,500	\$1,007,889	\$ 734,027	\$ 146,210	\$ 880,237
Fundraising event, net of direct benefit costs	8,970	-	8,970	57,236	-	57,236
Donated services and materials	10,067	-	10,067	18,351	-	18,351
Investment income	10,528	-	10,528	1,269	-	1,269
Other revenue	1,166	-	1,166	1,361	-	1,361
Net assets released from restrictions	186,794	(186,794)	-	245,116	(245,116)	-
Total Support, Revenue, and Reclassifications	1,087,914	(49,294)	1,038,620	1,057,360	(98,906)	958,454
EXPENSES:						
Program services	805,172	-	805,172	626,272	-	626,272
Supporting services:						
Management and general	74,869	-	74,869	101,633	-	101,633
Fundraising	121,202	-	121,202	113,220	-	113,220
Total Expenses	1,001,243	-	1,001,243	841,125	-	841,125
Change in Net Assets	86,671	(49,294)	37,377	216,235	(98,906)	117,329
Net Assets, Beginning of Year	773,216	51,254	824,470	556,981	150,160	707,141
Net Assets, End of Year	\$ 859,887	\$ 1,960	\$ 861,847	\$ 773,216	\$ 51,254	\$ 824,470

See notes to financial statements

RESTORE NYC, INC.

Statements of Cash Flows

	Year Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 37,377	\$ 117,329
Adjustments to reconcile net change in net assets to cash provided (used) by operating activities:		
Depreciation	5,823	5,825
Realized gains (losses) on investments	(10,368)	175
Unrealized gains (losses) on investments	2,022	(813)
(Increase) decrease in:		
Contributions and grants receivable	4,268	(21,795)
Prepaid expenses	(5,515)	5,534
Security deposits	1,610	3,302
Accounts payable and accrued expenses	(1,982)	(149)
Net Cash Provided by Operating Activities	<u>33,235</u>	<u>109,408</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	3,976
Purchases of property and equipment	-	(4,500)
Purchases of investments	(8,136)	(6,676)
Net Cash Used by Investing Activities	<u>(8,136)</u>	<u>(7,200)</u>
Change in Cash and Cash Equivalents	25,099	102,208
Cash and Cash Equivalents, Beginning of Year	<u>755,978</u>	<u>653,770</u>
Cash and Cash Equivalents, End of Year	<u>\$ 781,077</u>	<u>\$ 755,978</u>
SUPPLEMENTAL INFORMATION:		
Noncash contributions of securities	<u>\$ 8,136</u>	<u>\$ 5,150</u>

See notes to financial statements

RESTORE NYC, INC.

Statement of Functional Expenses

September 30, 2015

	Program Services	Management and General	Fundraising	Total Expenses
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	561,892	43,195	77,554	682,641
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
Fundraising 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	800,249	73,969	121,202	995,420
Depreciation	4,923	900	-	5,823
 Total expenses	 \$ 805,172	 \$ 74,869	 \$ 121,202	 \$ 1,001,243

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, 2015 and 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. 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, 2015 and 2014

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 \$20,000 and \$16,700 for the years ended September 30, 2015 and 2014, respectively. 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

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, 2015 and 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 statements of activities. As of September 30, 2015 and 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*.

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, 2015 and 2014

3. INVESTMENTS:

Investments at fair value consist of the following:

	September 30,	
	2015	2014
Common stock	\$ 25,510	\$ 9,028

Investment income is composed of the following:

	September 30,	
	2015	2014
Investment income	\$ 2,182	\$ (1,907)
Net realized and unrealized gain	8,346	638
Total investment income	\$ 10,528	\$ (1,269)

4. DONATED SERVICES AND MATERIALS:

Donated materials are recorded as fair value on the date of donation. The Organization received donated goods valued at \$1,931 and \$2,699 during the years ended September 30, 2015 and 2014, respectively. The Organization received donated stock valued at \$8,136 and \$5,150 during the years ended September 30, 2015 and 2014, respectively. These amounts are included in donated services and materials income on the statements of activities.

Donated services are measured at their fair values as determined by management. During the years ended September 30, 2015 and 2014, the value of contributed services meeting the requirements for recognition totaled \$0- and \$15,652, respectively, and was recorded as a program expense.

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	September 30,	
	2015	2014
Vehicles	\$ 24,621	\$ 24,621
Leasehold improvements	4,500	4,500
Less accumulated depreciation	(13,744)	(7,921)
	\$ 15,377	\$ 21,200

Depreciation expense amounted to \$5,823 and \$5,825 for the years ended September 30, 2015 and 2014, respectively.

RESTORE NYC, INC.

Notes To Financial Statements

September 30, 2015 and 2014

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	September 30,	
	2015	2014
Technology	\$ 1,960	\$ -
NY Safe House	-	22,500
Provisional care and services	-	18,750
NJ Safe House	-	8,700
Individual clients	-	1,304
	<u>\$ 1,960</u>	<u>\$ 51,254</u>

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

	September 30,	
	2015	2014
Outreach Program	\$ 60,000	\$ 17,500
NY Safe house	58,000	22,500
Client housing	25,000	127,500
Provisional care and services	18,750	6,750
NY Office	12,000	3,210
NJ Safe House	8,700	10,000
Technology	3,040	-
Individual clients	1,304	-
Released from time restriction	-	30,000
Biblical based counseling	-	7,000
Art Therapy Program	-	6,000
Public Art Program	-	5,000
NYC Art Commission Project	-	5,000
ESL tutoring/coordinator support	-	4,656
	<u>\$ 186,794</u>	<u>\$ 245,116</u>

RESTORE NYC, INC.

Notes To Financial Statements

September 30, 2015 and 2014

7. OPERATING LEASES:

Restore NYC, Inc. has three operating leases primarily for office space, client housing in New York, and client housing in New Jersey. The monthly rental expenses for the office space lease and client housing in New York and New Jersey 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, 2015 to September 30, 2016, are \$97,900.

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.