Restore NYC, Inc.

Audited Financial Statements

September 30, 2023

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C O N T E N T S

Independent Auditor's Report

Board of Directors
Restore NYC, Inc.

Opinion

We have audited the accompanying financial statements of Restore NYC, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of September 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's 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 audit. 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 the 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 within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP

New York, NY
February 27, 2024

Restore NYC, Inc.

Statement of Financial Position

At September 30, 2023
(With comparative totals at September 30, 2022)

	September 30, 2023	September 30, 2022
ASSETS		
Cash and cash equivalents	$ 734,731	$ 2,809,435
Investments	1,872,994	280,872
Contributions receivable	383,035	67,433
Employee retention tax credit receivable	188,234	-
Government grants receivable, net	432,147	334,555
Prepaid expenses	30,854	68,514
Security deposit	24,165	24,165
TOTAL ASSETS	**$ 3,666,160**	**$ 3,584,974**
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 136,474	$ 50,618
Deferred revenue	52,083	117,430
Total liabilities	188,557	168,048
NET ASSETS		
Without donor restrictions	3,251,353	3,343,744
With donor restrictions	226,250	73,182
Total net assets	3,477,603	3,416,926
TOTAL LIABILITIES AND NET ASSETS	**$ 3,666,160**	**$ 3,584,974**

The attached notes and auditor's report are an integral part of these financial statements.

Restore NYC, Inc.

Statement of Activities

For the Year Ended September 30, 2023
(With comparative totals for the year ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 9/30/23	Total 9/30/22
PUBLIC SUPPORT				
Contributions	$ 2,735,348	$ 226,250	$ 2,961,598	$ 2,654,119
Government grants	1,594,187	-	1,594,187	1,269,626
Special events (net of expenses with a direct benefit to donor)	387,625	-	387,625	328,037
Interest income	21,437	-	21,437	1,603
Employee Retention Tax Credit	188,234	-	188,234	-
Other income	18,930	-	18,930	40
Net assets released from restrictions	73,182	(73,182)	-	-
Total public support	5,018,943	153,068	5,172,011	4,253,425
EXPENSES				
Program services	3,215,689	-	3,215,689	3,004,721
Supporting services:				
Management and general	1,170,391		1,170,391	1,107,279
Fundraising	763,873	-	763,873	695,415
Total supporting services	1,934,264	-	1,934,264	1,802,694
Total expenses	5,149,953	-	5,149,953	4,807,415
Change in net assets from operating activities	**(131,010)**	**153,068**	**22,058**	**(553,990)**
NON-OPERATING ACTIVITIES				
Return of unspent grant funds	-	-	-	115,560
Investment return	38,619	-	38,619	(74,732)
Total non-operating activities	38,619	-	38,619	40,828
Change in net assets	**(92,391)**	**153,068**	**60,677**	**(513,162)**
NET ASSETS, ***beginning of year***	3,343,744	73,182	3,416,926	3,930,088
NET ASSETS, ***end of year***	**$ 3,251,353**	**$ 226,250**	**$ 3,477,603**	**$ 3,416,926**

The attached notes and auditor's report are an integral part of these financial statements.

Restore NYC, Inc.

Statement of Functional Expenses

For the Year Ended September 30, 2023
(With comparative totals for the year ended September 30, 2022)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 9/30/23	Total Expenses 9/30/22
Salaries	$ 1,823,259	$ 758,121	$ 368,738	$ 1,126,859	$ 2,950,118	$ 2,519,266
Payroll taxes and benefits	399,461	175,210	91,166	266,376	665,837	516,513
Professional fees	78,764	81,240	161,556	242,796	321,560	427,933
Direct assistance to clients	584,738	-	-	-	584,738	687,372
Occupancy	266,927	18,406	-	18,406	285,333	287,989
Office expenses	3,460	25,296	665	25,961	29,421	46,164
Repairs and maintenance	15,825	1,035	-	1,035	16,860	17,102
Telecommunications and software	20,681	70,776	-	70,776	91,457	45,423
Postage and shipping	-	-	1,739	1,739	1,739	196
Travel	972	7,294	2,872	10,166	11,138	3,000
Conferences and meetings	7,397	25,143	38	25,181	32,578	30,794
Insurance	13,651	1,833	-	1,833	15,484	14,649
Marketing	-	-	10,830	10,830	10,830	2,725
Events expense	-	-	178,853	178,853	178,853	203,257
Donation processing	-	-	51,922	51,922	51,922	41,569
Miscellaneous	554	6,037	2,157	8,194	8,748	52,184
Bad debt expense	-	-	-	-	-	48,816
Total expenses	3,215,689	1,170,391	870,536	2,040,927	5,256,616	4,944,952
Less: direct special event expenses netted with revenue	-	-	(106,663)	(106,663)	(106,663)	(137,537)
Total expenses for statement of activities	**$ 3,215,689**	**$ 1,170,391**	**$ 763,873**	**$ 1,934,264**	**$ 5,149,953**	**$ 4,807,415**

The attached notes and auditor's report are an integral part of these financial statements.

Restore NYC, Inc.

Statement of Cash Flows

For the Year Ended September 30, 2023
(With comparative totals for the year ended September 30, 2022)

	September 30, 2023	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 60,677	$ (513,162)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Unrealized (gain)/loss on investments	(30,956)	114,931
Realized gain on investments	(7,663)	(40,199)
Donated stock	(32,902)	(13,214)
Changes in assets and liabilities:		
Contributions receivable	(315,602)	232,567
Employee retention tax credit receivable	(188,234)	-
Government grants receivable	(97,592)	87,643
Prepaid expenses	37,660	(12,448)
Security deposit	-	300
Accounts payable and accrued expenses	85,856	(197,759)
Deferred revenue	(65,347)	21,704
Total adjustments	(614,780)	193,525
Net cash flows used for operating activities	(554,103)	(319,637)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments (including reinvestment of investment income)	(2,777,376)	(72,122)
Proceeds from sale of investments	1,256,775	71,400
Net cash flows used for investing activities	(1,520,601)	(722)
Net decrease in cash and cash equivalents	**(2,074,704)**	**(320,359)**
CASH AND CASH EQUIVALENTS, ***beginning of year***	2,809,435	3,129,794
CASH AND CASH EQUIVALENTS, ***end of year***	**$ 734,731**	**$ 2,809,435**
SUPPLEMENTAL DISCLOSURES		
Interest and taxes paid	**$ -**	**$ -**

The attached notes and auditor's report are an integral part of these financial statements.

Note 1 - Organization

Restore NYC, Inc. (the "Organization") was incorporated in New York in January 2005. The Organization's mission is to make freedom real for survivors of trafficking in the United States. The Organization provides safe housing, economic-empowerment solutions, and specialized services to restore the physical and emotional well-being of survivors.

Revenues are derived primarily from support from the general public.

The Organization is a not-for-profit organization and has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. They have not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Standard

Effective October 1, 2022, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization made an accounting policy election available under the ASU to not recognize the right-of-use ("ROU") assets and lease liabilities for leases with a term of 12 months or less. The Organization occupied space in New York City that expired April 2023. The Organization is not reporting a ROU asset or lease liability for this lease due to the immaterial nature of the ROU asset and lease liability as of October 1, 2022. At September 30, 2023, the Organization did not hold any long-term leases that were material to the financial statements. See Note 7 for details.

c. Basis of Presentation

The Organization reports information regarding its financial position and activities in the following classes of net assets:

- *Net Assets without Donor Restrictions* - represents all activity without donor-imposed restrictions.

- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity.

d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities consist of investment earnings and return of unspent grant funds by a grantee.

Note 2 - Summary of Significant Accounting Policies - Continued

e. Revenue Recognition

The Organization follows the requirements of the FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded at the time a contribution becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Government grants have been evaluated and are considered to be conditional non-reciprocal transactions that fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met is treated as a liability.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes the exchange element as the fair value of the direct benefit to donors when the event takes place. Contributions to special events fall under FASB ASC 958-605 and are considered to be conditional upon the event taking place unless the donor explicitly waives the condition.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. All receivables at September 30, 2023 and September 30, 2022 are expected to be received within one year and are recorded at net realizable value.

The Organization performs a review of outstanding receivables and considers factors such as how long the receivable has been outstanding and the creditworthiness of the donor. Based on this review, at September 30, 2023 and September 30, 2022 the Organization set an allowance for doubtful accounts of approximately $6,672, and $49,000 respectively for government grants receivable.

f. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

g. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of cash and investment securities which are placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insurance levels. However, the Organization has not experienced any losses due to the failure of any financial institution.

Note 2 - Summary of Significant Accounting Policies - Continued

g. Concentration of Credit Risk - Continued

The market value of investments is subject to fluctuation and principal is not guaranteed. Management believes that the investment policy is prudent for the long-term welfare of the Organization.

h. Fixed Assets

Fixed Assets to which the Organization maintains title, and which have useful lives of more than one year, and capital items purchased with the cost of $2,500 or more, that benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Depreciation and amortization are taken using the straight-line method over the useful life of the asset or terms of the lease as noted below:

- Vehicles - *5 years*
- Leasehold improvements - *Remaining life of lease*

All fixed assets were fully depreciated during the year ended September 30, 2020.

i. Fair Value Measurement/Investments

Accounting standards have established a fair value hierarchy, giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments are stated at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reported on the statement of activities.

j. Donated Services and Goods

Donated services and goods are recognized in circumstances where those services or goods create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

Note 2 - Summary of Significant Accounting Policies - Continued

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following cost is allocated by time and effort:

- Salaries

The following costs are allocated based on the salary allocation:

- Payroll taxes and benefits
- Insurance

The following cost is allocated based on headcount at the office space:

- Occupancy

All other expenses have been charged directly to the applicable program or supporting services.

m. Advertising Costs

Advertising costs are expensed as incurred.

n. Comparative Financial 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, 2022, from which the summarized information was derived.

o. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending September 30, 2020, and later are subject to examination by applicable taxing authorities.

Note 2 - Summary of Significant Accounting Policies - Continued

p. New Accounting Pronouncement

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326). The new ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit-loss estimates. The update requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. For private companies and not-for-profit organizations, the update is effective for fiscal years beginning after December 15, 2022.

The Organization is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

Note 3 - Investments

Investments are reflected at fair value using the fair value hierarchy as described in note 2i. All investments were measured using Level 1 inputs, which are the quoted prices in active markets for identical assets.

The following summarizes the composition of investments:

	September 30,	
	2023	2022
Equities:		
Large cap	$ 186,920	$ 160,262
Exchange traded funds	22,082	46,163
Total equities	209,002	206,425
Fixed income	1,663,992	74,447
Total investments	$ 1,872,994	$ 280,872

Investment return consists of the following:

	September 30,	
	2023	2022
Unrealized gain/(loss)	$ 30,956	$ (114,931)
Realized gain	7,663	40,199
Total investment return	$ 38,619	$ (74,732)

Level 1 securities are valued at the closing price reported on the active market they are traded on. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 4 - Net Assets with Donor Restrictions

The following summarizes net assets with donor restrictions:

	September 30, 2023			
	Beginning Balance 10/1/22	Contributions	Released from Restrictions	Ending Balance 9/30/23
Program restrictions -				
Housing First for Survivors of Trafficking in New York	$ 23,182	$ -	$ (23,182)	$ -
Total program restrictions	23,182	-	(23,182)	-
Time	50,000	226,250	(50,000)	226,250
Total	$ 73,182	$ 226,250	$ (73,182)	$ 226,250

	September 30, 2022			
	Beginning Balance 10/1/21	Contributions	Released from Restrictions	Ending Balance 9/30/22
Program restrictions -				
Strengthening Identification & Mental Health Services for Survivors of Sex Trafficking	$ 2,791	$ -	$ (2,791)	$ -
Counseling Services with Housing First for Survivors of Trafficking in New York	-	175,000	(151,818)	23,182
Total program restrictions	2,791	175,000	(154,609)	23,182
Time	300,000	-	(250,000)	50,000
Total	$ 302,791	$ 175,000	$ (404,609)	$ 73,182

Note 5 - Special Events

A summary of special events activity from the annual benefit and other events is as follows:

	September 30,	
	2023	2022
Gross Revenue	$ 494,288	$ 465,574
Less: expenses with a direct benefit to donors	(106,663)	(137,537)
	387,625	328,037
Less: other event expenses	(47,216)	(47,246)
Total	$ 340,409	$ 280,791

Note 6 - Employee Retention Tax Credit

During the year ended September 30, 2023, the Organization claimed the Employee Retention Tax Credit (“ERTC”) in the amount of $188,234. The ERTC was established by the Coronavirus Relief Act issued by Congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filings for qualified wages paid after March 13, 2020 through September 30, 2021. To be eligible, an employer must incur payroll costs to retain employees and be adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts.

The Organization accounted for the ERTC as a conditional contribution in accordance with FASB ASC 958-605. The conditions for eligibility outlined above were met for the quarters claimed during the year ended September 30, 2023, and the full amount was recognized as revenue in 2023. The Organization had a receivable balance of $188,234 at September 30, 2023.

Note 7 - Commitments and Contingencies

The Organization occupies a space in New York City under a non-cancellable lease agreement that expired in April 2023. Subsequently, the Organization leases this space on a month-to-month basis for a monthly fee of $6,673.

The Organization occupies another space in New York City on a month-to-month basis for a monthly fee of $5,000.

In April 2022, the Organization entered into a house lease agreement that commenced May 1, 2022, and is set to expire April 30, 2024. This lease term expires within 12 months of the statement of financial position date. The monthly fee for this space is $9,975. Future remaining minimum lease payments, excluding utilities and other escalations under the lease, totals $69,825 for the year ending September 30, 2024.

As of September 30, 2023, the Organization does not report a ROU asset and lease liability due to its immaterial nature.

Note 8 - Retirement Plan

The Organization has a tax deferred annuity plan under IRS section 401(k) for employees who are at least 21 years of age. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable federal and state guidelines governing deferred compensation programs. The Organization provides a 3% employer match on employee contributions. The Organization contributed $86,497 and $54,791 to the plan during the years ended September 30, 2023 and 2022, respectively.

Note 9 - Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management plan, the Organization operates its programs within a board approved budget and relies on contributions and government grants to fund its operations and program activities.

Note 9 - Availability and Liquidity - Continued

The following reflects the Organization's financial assets at September 30, 2023:

Financial assets, at year end	
Cash and cash equivalents	$ 734,731
Investments	1,872,994
Contributions receivable	383,035
Employee retention credit tax receivable	188,234
Government grants receivable, net	432,147
Financial assets available to meet cash needs for general expenditures within one year	$ 3,611,141

There are no external or internal limits imposed on these balances.

Note 10 - Subsequent Events

Subsequent events have been evaluated through February 27, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.