

NONPROFIT NEW YORK, INC.

**Financial Statements
September 30, 2020 and 2019
(with Independent Auditor's
Report Thereon)**

Independent Auditor's Report

To the Board of Directors
Nonprofit New York, Inc.

We have audited the accompanying financial statements of the Nonprofit New York, Inc. which comprise the statements of financial position as of September 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows 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.

Auditor's 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 the Nonprofit New York, Inc. as of September 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

December 3, 2020

Condon O'Meara McGinty & Donnelly LLP

NONPROFIT NEW YORK, INC.

**Statements of Financial Position
September 30, 2020 and 2019**

Assets

	<u>2020</u>	<u>2019</u>
Cash	\$ 105,038	\$ 204,102
Investments, at fair value	704,653	866,967
Grants and contributions receivable	47,034	123,000
Accounts receivable	1,873	-
Prepaid expenses	12,978	27,276
Security deposit	-	64,367
Property and equipment, net	<u>1,604</u>	<u>4,067</u>
Total assets	<u>\$ 873,180</u>	<u>\$1,289,779</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 66,220	\$ 73,445
Deferred membership dues	244,039	267,966
Deferred revenue	1,800	1,800
Deferred rent	<u>110,037</u>	<u>28,250</u>
Total liabilities	<u>422,096</u>	<u>371,461</u>

Net assets

Without donor restrictions	410,034	657,018
With donor restrictions	<u>41,050</u>	<u>261,300</u>
Total net assets	<u>451,084</u>	<u>918,318</u>
Total liabilities and net assets	<u>\$ 873,180</u>	<u>\$1,289,779</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statements of Activities

Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating activities:</u>						
Revenue and support						
Grants and contributions	\$ 561,091	\$ 40,550	\$ 601,641	\$ 734,565	\$ 261,300	\$ 995,865
In-kind contributions	178,602	-	178,602	346,239	-	346,239
Membership dues	603,883	-	603,883	705,445	-	705,445
Membership grants	16,000	-	16,000	2,000	-	2,000
Rental	-	-	-	4,575	-	4,575
Interest and dividends	14,492	-	14,492	20,451	-	20,451
Other	116,160	-	116,160	86,082	-	86,082
Net assets released from restrictions	<u>260,800</u>	<u>(260,800)</u>	<u>-</u>	<u>216,526</u>	<u>(216,526)</u>	<u>-</u>
Total revenue and support	<u>1,751,028</u>	<u>(220,250)</u>	<u>1,530,778</u>	<u>2,115,883</u>	<u>44,774</u>	<u>2,160,657</u>
Expenses						
Program services	<u>1,329,291</u>	<u>-</u>	<u>1,329,291</u>	<u>1,428,072</u>	<u>-</u>	<u>1,428,072</u>
Supporting activities						
Management and general	545,886	-	545,886	648,864	-	648,864
Fundraising	<u>178,032</u>	<u>-</u>	<u>178,032</u>	<u>187,546</u>	<u>-</u>	<u>187,546</u>
Total supporting activities	<u>723,918</u>	<u>-</u>	<u>723,918</u>	<u>836,410</u>	<u>-</u>	<u>836,410</u>
Total expenses	<u>2,053,209</u>	<u>-</u>	<u>2,053,209</u>	<u>2,264,482</u>	<u>-</u>	<u>2,264,482</u>
(Decrease) increase in net assets from operations	(302,181)	(220,250)	(522,431)	(148,599)	44,774	(103,825)
<u>Non-operating activities:</u>						
Lease termination costs	-	-	-	(132,546)	-	(132,546)
Net realized and unrealized gain on investments	<u>55,197</u>	<u>-</u>	<u>55,197</u>	<u>10,355</u>	<u>-</u>	<u>10,355</u>
(Decrease) increase in net assets	(246,984)	(220,250)	(467,234)	(270,790)	44,774	(226,016)
Net assets, beginning of year	<u>657,018</u>	<u>261,300</u>	<u>918,318</u>	<u>927,808</u>	<u>216,526</u>	<u>1,144,334</u>
Net assets, end of year	<u>\$ 410,034</u>	<u>\$ 41,050</u>	<u>\$ 451,084</u>	<u>\$ 657,018</u>	<u>\$ 261,300</u>	<u>\$ 918,318</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statement of Functional Expenses
Year Ended September 30, 2020

	Program Services						Supporting Activities			
	Nonprofit Excellence Awards	Learning and Resources	Member Services	Policy	Knowledge Management	Communi- cations	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 92,337	\$ 96,184	\$ 90,495	\$ 155,036	\$ 79,238	\$ 70,703	\$ 583,993	\$ 193,675	\$ 96,959	\$ 874,627
Benefits and taxes	22,460	21,433	20,894	36,825	18,097	16,317	136,026	45,028	23,106	204,160
Contracted fees	41,679	21,280	17,938	35,551	7,650	64,689	188,787	189,467	11,307	389,561
Payroll service provider	-	-	-	-	-	-	-	30,745	-	30,745
Occupancy and utilities	32,766	30,369	29,889	62,962	24,391	19,880	200,257	67,644	41,229	309,130
Grants and awards	50,000	-	-	-	-	-	50,000	-	-	50,000
Meeting and training	11,209	3,274	3,156	4,219	156	1	22,015	1,724	52	23,791
Printing, production and postage	73,008	-	3,198	-	2,250	796	79,252	1,289	21	80,562
Office equipment and supplies	6,751	1,420	2,105	13,846	1,623	6,758	32,503	4,470	1,757	38,730
Dues, subscriptions and seminars	1,370	2,869	2,160	7,383	-	831	14,613	2,805	1,724	19,142
Travel	-	52	-	608	222	-	882	169	-	1,051
Other	2,507	4,403	10,555	1,352	157	380	19,354	8,347	1,546	29,247
Depreciation and amortization	263	244	240	506	196	160	1,609	523	331	2,463
Total	\$ 334,350	\$ 181,528	\$ 180,630	\$ 318,288	\$ 133,980	\$ 180,515	\$1,329,291	\$ 545,886	\$ 178,032	\$2,053,209

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services						Supporting Activities			
	Nonprofit Excellence Awards	Learning and Resources	Member Services	Policy	Knowledge Management	Communi- cations	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 57,281	\$ 93,859	\$ 90,293	\$ 132,301	\$ 74,814	\$ 88,986	\$ 537,534	\$ 191,951	\$ 113,271	\$ 842,756
Benefits and taxes	13,026	21,372	20,668	30,081	17,026	20,185	122,358	43,731	25,968	192,057
Contracted fees	35,796	29,838	15,497	74,161	29,908	99,849	285,049	295,047	5,222	585,318
Payroll service provider	-	-	-	-	-	-	-	33,872	-	33,872
Occupancy and utilities	16,180	26,545	25,672	37,364	21,145	25,071	151,977	54,373	32,254	238,604
Grants and awards	110,525	-	-	-	-	-	110,525	-	-	110,525
Meeting and training	56,773	3,019	11,251	6,414	196	1,168	78,821	3,605	11	82,437
Printing, production and postage	72,906	201	4,632	283	170	2,957	81,149	6,523	1,264	88,936
Office equipment and supplies	1,490	2,870	2,037	3,897	3,127	4,024	17,445	8,381	2,441	28,267
Dues, subscriptions and seminars	975	1,740	1,582	2,322	1,275	2,704	10,598	5,511	2,432	18,541
Travel	37	280	102	953	90	-	1,462	46	-	1,508
Other	2,641	3,591	8,403	2,054	1,264	1,286	19,239	1,561	2,154	22,954
Depreciation and amortization	1,269	2,081	2,013	2,929	1,658	1,965	11,915	4,263	2,529	18,707
Total	\$ 368,899	\$ 185,396	\$ 182,150	\$ 292,759	\$ 150,673	\$ 248,195	\$1,428,072	\$ 648,864	\$ 187,546	\$2,264,482

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statements of Cash Flows
Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Decrease in net assets	\$ (467,234)	\$ (226,016)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation and amortization	2,463	18,699
Net realized and unrealized gain on investments	(55,197)	(10,355)
(Increase) decrease in assets		
Grants and contributions receivable	75,966	847
Accounts receivable	(1,873)	-
Prepaid expenses	14,298	(2,369)
Security deposit	64,367	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(7,225)	(14,666)
Deferred membership dues	(23,927)	(28,315)
Deferred revenue	-	(6,287)
Deferred rent	81,787	28,250
Net cash (used in) operating activities	<u>(316,575)</u>	<u>(240,212)</u>
Cash flows from investing activities		
Purchases of investments	(416,000)	(15,810)
Sale of investments	448,773	308,955
Net change in money market funds	184,738	(4,641)
Net cash provided by investing activities	<u>217,511</u>	<u>288,504</u>
Net (decrease) increase in cash	(99,064)	48,292
Cash, beginning of year	<u>204,102</u>	<u>155,810</u>
Cash, end of year	<u>\$ 105,038</u>	<u>\$ 204,102</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements
September 30, 2020 and 2019****Note 1 – Organization**

The Nonprofit New York, Inc., (the “Organization”) is a not-for-profit organization incorporated in 1984. Its mission is to help New York nonprofits thrive to build better communities for all. The sources of financial support for the Organization are principally membership dues from New York nonprofit organizations and grants and contributions from foundations, corporations and individuals.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code Section 509(a)(1) and 170(b)(1)(A)(vi). The Organization is also a nonprofit membership organization incorporated under the laws of the State of New York. Accordingly, the Organization is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purposes. The Organization recognizes the effect of income tax positions only if these tax positions are more likely than not to be sustained. No provision for income taxes was required for fiscal years 2020 or 2019. The Organization’s tax returns for the 2017 fiscal year and forward are subject to the usual review by the appropriate authorities.

During December 2019, the Board of Directors approved changing the Organization’s fiscal year to a calendar year. The Organization will have a three-month stub period from October 1, 2020 – December 31, 2020 and will then start a new fiscal year on January 1, 2021.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies are described below.

1. Basis of Presentation

The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for the general operations of the Organization and are not subject to donor-imposed restrictions. These net assets also include those funds that are designated for specific purposes by the Board of Directors.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2020 and 2019****Note 2 – Summary of Significant Accounting Policies (continued)**Net Assets Without Donor Restrictions (continued)

Board designated net assets consist of amounts to be used to assure adequate cash and investments are available to meet future extraordinary events or any funding reduction that may cause hardship or budgetary constraints to the Organization. In 2006, the Board of Directors designated certain net assets for special purposes: \$650,000 as a capital reserve fund to be invested for growth with Board approval and \$200,000 as a special needs reserve fund to be available, with Board approval, for special projects and to help strengthen the infrastructure of the Organization (see Note 5). In 2019, the Board approved release of \$132,546 to cover expenses related to the early termination of its office lease (see Note 9). This expense is reflected as non-operating in the 2019 statement of activities.

Net Assets With Donor Restrictions

Net assets with donor restrictions include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires through the passage of time or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are received with donor restrictions that are spent within the same fiscal year are reported as contributions without donor restrictions. The Organization has no net assets in which the donor requires the corpus to be maintained permanently.

Revenues and gains and losses on investments and other assets and liabilities are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions.

Operating and Non-Operating Activities

The statements of activities distinguish between operating and non-operating activities. Operating activities include all revenues, and expenses that are an integral part of the Organization's program services and supporting activities. Non-operating activities include net realized and unrealized gain (loss) and capital gain (loss) on investments and other nonrecurring items, if any.

2. Cash equivalents

The Organization considers highly liquid investments with original maturities of 90 days or less to be cash equivalents. The Organization considers money market funds to be part of the investment portfolio.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2020 and 2019****Note 2 – Summary of Significant Accounting Policies (continued)***3. Grants and Contributions Receivable*

Contributions, including unconditional promises to give, are recognized initially at fair value as revenues in the period received or pledged. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to the transferred assets. Conditional contributions are recognized as revenue when the barriers on which they depend have been met. There are no conditional contributions for the years ended September 30, 2020 and 2019.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Grants and contributions receivable at September 30, 2020 and 2019 totaling \$47,034 and \$123,000, respectively, are expected to be collected within one year.

The Organization does not have an allowance for grants and contributions receivable that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

4. Investment Policy and Objective

Investments in money market and mutual funds are reported at fair value based upon quoted market prices. Realized and unrealized gains or losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair value measurements establish a hierarchy giving the highest priority to quoted market prices in active markets (Level 1), the next priority (Level 2) to observable inputs other than Level 1 prices, such as quoted prices of similar assets, and the lowest priority to unobservable data (Level 3). Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. At September 30, 2020 and 2019 the Organization's investments in mutual funds and a money market fund are classified in the highest level of the hierarchy (Level 1).

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
September 30, 2020 and 2019**

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

The Organization's primary investment objective is to maximize total return with minimal risk. Its goal is to preserve capital that is intended for the Organization's mission while generating cash flow to support current operations.

5. *Property and Equipment*

The Organization records property and equipment at cost. The Organization capitalizes expenditures above \$5,000 and that have a useful life greater than one year. Depreciation and amortization of property and equipment are provided on the straight-line method over the expected useful lives of the assets as follows:

Property and equipment	4 – 7 years
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6. *Membership Dues*

Revenue from membership dues is recognized as revenue over the period to which the dues relate. Amounts collected in advance of such revenue recognition are deferred.

7. *In-kind contributions*

In-kind contributions are reflected in the financial statements at the estimated fair market value at the time of donation. The fair market value of such goods and services totaled \$178,602 in 2020 and \$346,239 in 2019. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its activities. These services do not meet the accounting standards to be recorded and have not been included in the financial statements.

8. *Functional Expenses Allocations*

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Such allocations are based on the amount of staff costs of each activity.

9. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate is the valuation of investments.

NONPROFIT NEW YORK, INC.

Notes to Financial Statements (continued)
September 30, 2020 and 2019**Note 2 – Summary of Significant Accounting Policies (continued)**Fair Value Measurements (continued)*10. Concentrations of Credit Risk*

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and grants and contributions receivable. The Organization places its cash with what it believes to be quality financial institutions. The Organization's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at September 30, 2020. The Organization's management monitors the collectability of grants and contributions receivable. Management believes no significant concentrations of credit risk exists with respect to its cash, investments and grants and contributions receivable.

11. New Authoritative Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU, effective for the Organization's fiscal year ended September 30, 2020, helps an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange transaction. The ASU also clarifies and expands the criteria for determining whether a contribution is conditional, which may delay recognition of contribution revenue (recipient) or expense (resource provided).

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, effective for the Organization's fiscal year ended September 30, 2020, clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services.

12. Upcoming Accounting Pronouncements

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU, effective for the Organization's fiscal year ended in 2022, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments on the statements of financial position and disclosing key information about leasing arrangements. Management is in the process of determining the impact of this ASU on its financial statements.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
September 30, 2020 and 2019**

Note 3 – Investments

Investments held by the Organization, at fair value, as of September 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
	Fair Value (Level 1)	Fair Value (Level 1)
Money market funds	\$ 416,060	\$ 231,322
<u>Mutual funds</u>		
Global equity fund	100,712	461,728
Inter-term corporate bond index fund	179,745	166,152
Short-term bond index fund	<u>8,136</u>	<u>7,765</u>
Total mutual funds	<u>288,593</u>	<u>635,645</u>
Total investments	<u>\$ 704,653</u>	<u>\$ 866,967</u>

A summary of net gain (loss) on and capital gain on investment transactions for the years ended September 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Net realized and unrealized gain (loss)	\$ 36,747	\$ (16,334)
Capital gain distribution	<u>18,450</u>	<u>26,689</u>
Total	<u>\$ 55,197</u>	<u>\$ 10,355</u>

Note 4 – Property and equipment, net

A summary of property and equipment, net is as follows as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Property and equipment	\$ 20,481	\$ 20,481
Less: Accumulated depreciation and amortization	<u>18,877</u>	<u>16,414</u>
Total	<u>\$ 1,604</u>	<u>\$ 4,067</u>

Depreciation expense for the years ended September 30, 2020 and 2019 amounted to \$2,463 and \$18,699, respectively.

NONPROFIT NEW YORK, INC.

Notes to Financial Statements (continued)
September 30, 2020 and 2019

Note 5 – Net Assets Without Donor Restrictions

Net assets without donor restrictions are classified as follows as of September 30, 2020 and 2019:

	2020	2019
Board designated		
Capital reserve fund	\$ 650,000	\$ 650,000
Special needs reserve fund	67,454	67,454
Undesignated (deficit)	(307,420)	(60,436)
Total without donor restrictions	\$ 410,034	\$ 657,018

Note 6 – Net Assets With Donor Restrictions

Net assets with donor restrictions are available to satisfy the following programs or time restrictions:

	Balance at September 30, <u>2019</u>	<u>Additions</u>	Net Assets Released from <u>Restrictions</u>	Balance at September 30, <u>2020</u>
Nonprofit Excellence				
Awards	\$ 230,800	\$ 10,550	\$ (230,300)	\$ 11,050
Policy – diversity, equity, inclusion	-	30,000	-	30,000
Development	30,500	-	(30,500)	-
Total net assets with donor restrictions	\$ 261,300	\$ 40,550	\$ (260,800)	\$ 41,050

Note 7 – Nonprofit Excellence Awards

Initiated in the 2007 fiscal year, the Nonprofit Excellence Awards (NEA) is a collaborative effort of the Organization, the New York Community Trust and The Clark Foundation. The NEA encourages excellent management and governance practices by nonprofits and publicly recognizes management excellence among the large and diverse nonprofit communities of New York City, Long Island and Westchester. Winners are recognized for outstanding management practices rather than program content and vary in size, age, and services offered.

Note 8 – Related Parties

A board member of the Organization was a partner at a firm that provided donated professional services to the Organization. For the years ended September 30, 2020 and September 30, 2019, the fair market value of these services was \$22,840 and \$22,193, respectively.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2020 and 2019****Note 9 – Commitments****Office lease agreement**

During August 2013, the Organization entered into a ten-year lease agreement for office space at 135 West 36th Street, 15th Floor, New York, NY 10018. The lease provided for minimum annual payments. Annual rental payments were subject to cost of living adjustments, which were based on the July Consumer Price Index for each year.

On November 12, 2018, the Organization entered into a Termination and Surrender of Lease Agreement (“Termination”) with its existing landlord of the August 2013 lease. In connection with the Termination, in November 2019, the Organization paid a termination fee. The Termination Date of the lease with its existing landlord was October 31, 2019.

On October 2, 2018, the Organization executed a lease for new office space at 320 East 43rd Street, 3rd Floor, New York, NY 10017. The lease commenced on June 28, 2019 (“Commencement Date”). The term of the new lease is 10 years from the Commencement Date, with two 5-year rights of renewal.

The fixed rent for the period from the commencement date through March 31, 2021 would be the lesser of \$304,150 or the maximum rental which the landlord may be permitted by law to charge without affecting the landlord’s real estate property tax exemption. Effective April 1, 2021, through each April thereafter, during the term of the lease, the rent would be increased by an amount equal to the Organization’s proportionate share of the landlord’s operating costs and amortization of the building renovations assets related to the Organization’s space, provided that in no event will the increase be greater than 2% per annum for the first 10 years; 3% per annum for each of the two renewal terms; or the maximum rent permitted to be charged without affecting the landlord’s real estate property tax exemption.

Effective July 1, 2020, the Organization executed a first amendment to the original lease reflecting an agreement to defer rent of the current office space for the period commencing July 1, 2020 through and including June 30, 2021. The deferred rent will be amortized over the remaining life of the lease.

Rental expenses for the years ended September 30, 2020 and 2019 were \$300,150 and \$214,959, respectively. Rental expenses are included in occupancy and utilities expense on the statements of functional expenses.

Note 10 – Retirement Plan

In July of 2018, the Organization changed to a registered professional employer organization (“PEO”) for payroll management. The Organization established a new retirement plan through the PEO, effective January 2019. The Organization contributed \$73,861 and \$59,306 to the plan for the years ended September 30, 2020 and 2019.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
September 30, 2020 and 2019**

Note 11 – GoodCauses Insurance Company

The Organization, in partnership with NYCON (New York Council of Nonprofits, formerly the Council of Community Services of New York State), created GoodCauses Support, Inc., a nonprofit support organization devoted to organizing, licensing and raising the needed capital to create GoodCauses Insurance Company (GoodCauses), a New York licensed and regulated insurer that will be dedicated to addressing the insurance needs of nonprofit organizations.

On October 26, 2018, GoodCauses applied to The Attorney General of the State of New York (“Attorney General”) for approval of a filing of a Certificate of Dissolution. In September 2019, GoodCauses received approval for the dissolution. The Organization received final notice of dissolution effective October 13, 2020.

Note 12 – Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. The Organization invests available cash needed for its general expenditures, liabilities, and other obligations in short-term investments, specifically money market funds, and money market mutual funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing services to be general expenditures.

Financial assets available for general expenditures available within one year from September 30, 2020 and September 30, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 105,038	\$ 204,102
Investments, at fair value *	-	149,513
Grants and contributions receivable	47,034	123,000
Accounts receivable	1,873	-
Security deposit	<u>-</u>	<u>64,367</u>
Financial assets available for general expenditures within one year	<u>\$ 153,945</u>	<u>\$ 540,982</u>

* Net of board designated funds of \$717,454 which are available upon resolution of the board.

Note 13 – Impact of COVID-19

The spread of coronavirus (COVID-19) around the world in the first three quarters of 2020 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2020 and 2019****Note 13 – Impact of COVID-19 (continued)**

The Organization received loan proceeds of \$176,902 on April 22, 2020 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans/grants to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses. The loan and accrued interest are forgivable after up to 24 weeks if the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities, and maintains its payroll levels.

As of September 30, 2020, the Organization has expended the full amount of the loan on purposes consistent with the PPP and maintained its payroll levels. The Organization has, therefore, qualified for full forgiveness of the loan and accrued interest. Management has reclassified the loan proceeds to contribution revenue in the form of a government grant totaling \$176,902 for the year ended September 30, 2020.

Note 14 – Subsequent events and uncertainties

The Organization has evaluated events and transactions for potential recognition or disclosure subsequent to September 30, 2020 through December 3, 2020, which is the date the financial statements were available to be issued. No additional disclosures are required.