

NONPROFIT NEW YORK, INC.

**Financial Statements
September 30, 2019 and 2018
(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, 2019 and 2018 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, 2019 and 2018 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.

Emphasis of Matter

As discussed in note 2 (11) to the financial statements, in 2019 Nonprofit New York, Inc. adopted new accounting guidance, Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and applied the provisions retrospectively to 2018. Our opinion is not modified with respect to this matter.

Conroy O'Meara McElroy & Connelly LLP

December 5, 2019

NONPROFIT NEW YORK, INC.

**Statements of Financial Position
September 30, 2019 and 2018**

Assets

	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 204,102	\$ 155,810
Investments, at fair value	866,967	1,145,116
Grants and contributions receivable	123,000	123,847
Prepaid expenses	27,276	24,907
Security deposit	<u>64,367</u>	<u>64,367</u>
Total current assets	1,285,712	1,514,047
Property, equipment and leasehold improvements, net	<u>4,067</u>	<u>190,118</u>
Total assets	<u>\$1,289,779</u>	<u>\$1,704,165</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 73,445	\$ 88,111
Deferred membership dues	267,966	296,281
Deferred revenue	1,800	8,087
Current portion of deferred rent	<u>-</u>	<u>167,352</u>
Total current liabilities	343,211	559,831
Deferred rent, net of current portion	<u>28,250</u>	<u>-</u>
Total liabilities	<u>371,461</u>	<u>559,831</u>
Net assets		
Without donor restrictions	657,018	927,808
With donor restrictions	<u>261,300</u>	<u>216,526</u>
Total net assets	<u>918,318</u>	<u>1,144,334</u>
Total liabilities and net assets	<u>\$1,289,779</u>	<u>\$1,704,165</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statements of Activities

Years Ended September 30, 2019 and 2018

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Operating activities:				
Revenue and support				
Grants and contributions	\$ 734,565	\$ 261,300	\$ 995,865	\$ 287,750
In-kind contributions	346,239	-	346,239	-
Membership dues	705,445	-	705,445	-
Membership grants	2,000	-	2,000	-
Rental	4,575	-	4,575	-
Interest and dividends	20,451	-	20,451	-
Other	86,082	-	86,082	-
Net assets released from restrictions	216,526	(216,526)	-	(427,974)
Total revenue and support	<u>2,115,883</u>	<u>44,774</u>	<u>2,160,657</u>	<u>(140,224)</u>
Expenses				
Program services	1,627,602	-	1,627,602	-
Supporting activities				
Management and general	476,462	-	476,462	-
Fundraising	160,418	-	160,418	-
Total supporting activities	636,880	-	636,880	-
Total expenses	<u>2,264,482</u>	<u>-</u>	<u>2,264,482</u>	<u>-</u>
(Decrease) increase in net assets from operations	(148,599)	44,774	(103,825)	(140,224)
Non-operating activities:				
Lease termination costs	(132,546)	-	(132,546)	-
Net realized and unrealized gain on investments	10,355	-	10,355	-
(Decrease) increase in net assets	<u>(270,790)</u>	<u>44,774</u>	<u>(226,016)</u>	<u>(140,224)</u>
Net assets, beginning of year	927,808	216,526	1,144,334	356,750
Net assets, end of year	<u>\$ 657,018</u>	<u>\$ 261,300</u>	<u>\$ 918,318</u>	<u>\$ 216,526</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services					Supporting Activities		Total		
	Nonprofit Excellence Awards	Learning and Resources	Member Services	Policy	Knowledge Management	Communi- cations	Program Services		Management and Fundraising	
									General	Fundraising
Salaries	\$ 100,776	\$ 140,648	\$ 120,107	\$ 123,148	\$ 71,880	\$ 67,992	\$ 624,551	\$ 126,393	\$ 91,810	\$ 842,754
Benefits and taxes	22,966	32,053	27,371	28,064	16,381	15,495	142,330	28,804	20,923	192,057
Contracted fees	46,991	44,820	27,805	84,993	36,339	105,110	346,058	226,675	12,585	585,318
Payroll service provider	-	-	-	-	-	-	-	33,872	-	33,872
Occupancy and utilities	28,518	39,802	33,989	34,849	20,342	19,241	176,741	35,882	25,981	238,604
Grants and awards	110,525	-	-	-	-	-	110,525	-	-	110,525
Meeting and training	56,777	3,025	11,254	6,412	198	1,165	78,831	3,597	9	82,437
Printing, production and postage	73,000	301	4,695	264	163	2,913	81,336	6,392	1,217	88,945
Office equipment and supplies	2,424	3,873	2,667	3,706	3,067	3,582	19,319	6,982	1,966	28,267
Dues, subscriptions and seminars	1,719	2,539	2,084	2,171	1,225	2,353	12,091	4,396	2,054	18,541
Travel	37	280	102	953	90	-	1,462	46	-	1,508
Other	3,270	4,266	8,827	1,926	1,222	989	20,500	619	1,836	22,955
Depreciation and amortization	2,236	3,121	2,665	2,732	1,595	1,509	13,858	2,804	2,037	18,699
Total	\$ 449,239	\$ 274,728	\$ 241,566	\$ 289,218	\$ 152,502	\$ 220,349	\$1,627,602	\$ 476,462	\$ 160,418	\$2,264,482

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statement of Functional Expenses
Year Ended September 30, 2018

	Program Services					Supporting Activities		Total		
	Nonprofit Excellence Awards	Learning and Resources	Member Services	Policy	Knowledge Management	Communi-cations	Program Services		Management and General	Fundraising
Salaries	\$ 96,894	\$ 135,230	\$ 115,480	\$ 63,803	\$ 69,111	\$ 65,373	\$ 545,891	\$ 121,524	\$ 88,273	\$ 755,688
Benefits and taxes	26,861	37,488	32,013	17,687	19,159	18,123	151,331	33,691	24,471	209,493
Contracted fees	21,937	26,574	99,670	84,639	82,355	30,180	345,355	179,989	12,007	537,351
Payroll service provider	-	-	-	-	-	-	-	53,740	-	53,740
Occupancy and utilities	23,895	33,252	28,396	15,689	17,059	16,075	134,366	30,234	21,706	186,306
Grants and awards	109,070	-	-	-	-	-	109,070	-	-	109,070
Meeting and training	19,924	10,924	15,105	1,910	357	328	48,548	3,951	120	52,619
Printing, production and postage	66,353	736	1,026	305	330	3,592	72,342	1,891	1,464	75,697
Office equipment and supplies	8,413	6,269	5,851	2,021	2,463	4,744	29,761	7,229	2,828	39,818
Dues, subscriptions and seminars	1,878	2,738	2,166	1,334	3,132	1,310	12,558	3,561	2,180	18,299
Travel	-	-	449	100	1,000	-	1,549	987	-	2,536
Other	1,313	3,295	8,977	873	1,009	741	16,208	2,386	1,001	19,595
Depreciation and amortization	5,355	7,473	6,382	3,526	3,819	3,613	30,168	6,716	4,878	41,762
Total	\$ 381,893	\$ 263,979	\$ 315,515	\$ 191,887	\$ 199,794	\$ 144,079	\$ 1,497,147	\$ 445,899	\$ 158,928	\$ 2,101,974

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statements of Cash Flows
Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Decrease in net assets	\$ (226,016)	\$ (243,630)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation and amortization	18,699	41,761
Net realized and unrealized gain on investments	(10,355)	(40,266)
(Increase) decrease in assets		
Grants and contributions receivable	847	(51,012)
Prepaid expenses	(2,369)	5,963
Security deposit	-	12,746
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(14,666)	(3,495)
Deferred membership dues	(28,315)	18,639
Deferred revenue	(6,287)	8,087
Deferred rent	28,250	(14,343)
Net cash used in operating activities	<u>(240,212)</u>	<u>(265,550)</u>
Cash flows from investing activities		
Purchases of property and equipment	-	(6,105)
Purchases of investments	(15,810)	(160,961)
Sale of investments	308,955	150,376
Net change in money market funds	<u>(4,641)</u>	<u>(4,579)</u>
Net cash provided by (used in) investing activities	<u>288,504</u>	<u>(21,269)</u>
Net increase (decrease) in cash	48,292	(286,819)
Cash, beginning of year	<u>155,810</u>	<u>442,629</u>
Cash, end of year	<u>\$ 204,102</u>	<u>\$ 155,810</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements
September 30, 2019 and 2018****Note 1 – Organization**

The Nonprofit New York, Inc., formerly Nonprofit Coordinating Committee of 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. No provision for income taxes was required for fiscal years 2019 or 2018. The Organization’s tax returns for the 2016 fiscal year and forward are subject to the usual review by the appropriate authorities.

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.

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. 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. The remaining balance for special needs reserve fund was \$67,454 at September 30, 2019.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2019 and 2018****Note 2 – Summary of Significant Accounting Policies (continued)**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) 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.

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.

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, 2019 and 2018 totaling \$123,000 and \$123,847, 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.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
September 30, 2019 and 2018**

Note 2 – Summary of Significant Accounting Policies (continued)

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, 2019 and 2018 the Organization's investments in mutual funds and a money market fund are classified in the highest level of the hierarchy (Level 1).

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, Equipment and Leasehold Improvements

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

Property and equipment	4 – 7 years
Leasehold improvements	Life of the lease

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2019 and 2018****Note 2 – Summary of Significant Accounting Policies (continued)***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 \$346,239 in 2019 and \$270,423 in 2018. 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.

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, 2019. 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.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2019 and 2018****Note 2 – Summary of Significant Accounting Policies (continued)***11. New Authoritative Accounting Pronouncements*

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. In 2019 the Organization adopted the provisions of this guidance which include presentation of two classes of net assets rather than the previously required three: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets, in 2018. The guidance also requires enhanced disclosures for Board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification in one location. The Organization applied the changes retrospectively to 2018.

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). The Organization is in the process of evaluating the impact of the ASU on its financial statements.

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. The Organization 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, 2019 and 2018**

Note 3 – Investments

Investments held by the Organization, at fair value, as of September 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
	Fair Value (Level 1)	Fair Value (Level 1)
U.S. Government money market fund	\$ 231,322	\$ 453,089
<u>Mutual funds</u>		
Global equity fund	461,728	537,857
Inter-term corporate bond index fund	166,152	146,839
Short-term bond index fund	7,765	7,331
Total mutual funds	<u>635,645</u>	<u>692,027</u>
Total investments	<u>\$ 866,967</u>	<u>\$1,145,116</u>

A summary of net (loss) gains on investment transactions for the years ended September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Net realized and unrealized (loss) gain	\$ (16,334)	\$ 40,266
Capital gain distribution	<u>26,689</u>	<u>-</u>
Total	<u>\$ 10,355</u>	<u>\$ 40,266</u>

Note 4 – Property, Equipment and Leasehold Improvements, Net

A summary of property, equipment and leasehold improvements, net is as follows as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Property and equipment	\$ 20,481	\$ 105,876
Leasehold improvements	<u>-</u>	<u>349,959</u>
Sub-total	20,481	455,835
Less: Accumulated depreciation and amortization	<u>16,414</u>	<u>265,717</u>
Total	<u>\$ 4,067</u>	<u>\$ 190,118</u>

Depreciation expense for the years ended September 30, 2019 and 2018 amounted to \$186,051 and \$41,761, respectively. Depreciation expense is shown net of amortization of deferred rent totaling (\$167,352) on the statement of functional expenses for the year ended September 30, 2019. During 2019, fully depreciated assets totaling \$435,354 were written-off.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
September 30, 2019 and 2018**

Note 5 – Net Assets Without Donor Restrictions

Net assets without donor restrictions are classified as follows as of September 30, 2019 and September 30, 2018:

	<u>2019</u>	<u>2018</u>
Board designated		
Capital reserve fund	\$ 650,000	\$ 650,000
Special needs reserve fund	67,454	200,000
Undesignated (deficit) surplus	<u>(60,436)</u>	<u>77,808</u>
Total without donor restrictions	<u>\$ 657,018</u>	<u>\$ 927,808</u>

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>2018</u>	<u>Additions</u>	Net Assets Released from <u>Restrictions</u>	Balance at September 30, <u>2019</u>
Nonprofit Excellence				
Awards	\$ 162,500	\$ 230,800	\$ (162,500)	\$ 230,800
Policy – diversity, equity, inclusion	53,776	-	(53,776)	-
Development	-	30,500	-	30,500
General operating	<u>250</u>	<u>-</u>	<u>(250)</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 216,526</u>	<u>\$ 261,300</u>	<u>\$ (216,526)</u>	<u>\$ 261,300</u>

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, 2019 and September 30, 2018, the fair market value of these services was \$22,193 and \$20,300, respectively.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
September 30, 2019 and 2018****Note 9 – Commitments****Office lease agreement**

During August 2013, the Organization entered into a ten-year lease agreement for office space. 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. In connection with the lease, the Organization has a security deposit of \$64,367.

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 2018, 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. 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.

Rental expenses for the years ended September 30, 2019 and 2018 were \$214,959 and \$167,160, respectively. Rental expenses are included in occupancy and utilities expense on the statements of functional expenses.

Note 10 – Retirement Plan

Through June 30, 2018, the Organization participated in a defined contribution retirement plan for all regular employees who work 1,000 hours or more during the year. Payments were made for the premiums due under the individual annuity contracts purchased for each member of the plan. Employees had the option of contributing additional amounts on their own behalf. The Organization contributed \$33,420 to the plan for the year ended September 30, 2018.

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 \$59,306 to the plan for the year ended September 30, 2019.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
September 30, 2019 and 2018**

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 is awaiting finalized notice of dissolution.

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. In addition to the financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient funds to cover general expenditures not covered by donor-restricted resources.

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

	2019
Financial assets:	
Cash	\$ 204,102
Investments, at fair value *	149,513
Grants and contributions receivable	123,000
Security deposit	64,367
Financial assets available for general expenditures within one year	\$ 540,982

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

Note 13 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure subsequent to September 30, 2019 through December 5, 2019, which is the date the financial statements were available to be issued. No additional disclosures are required.