

**NONPROFIT COORDINATING  
COMMITTEE OF NEW YORK, INC.**

**Financial Statements  
September 30, 2018  
and  
September 30, 2017**

## Independent Auditor's Report

To the Board of Directors  
Nonprofit Coordinating Committee of New York, Inc.

We have audited the accompanying financial statements of the Nonprofit Coordinating Committee of New York, Inc. which comprise the statement of financial position as of September 30, 2018 and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Coordinating Committee of New York, Inc. as of September 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited the Nonprofit Coordinating Committee of New York, Inc.'s 2017 financial statements, and our report dated January 31, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McElroy & Donnelly LLP

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.**

**Statements of Financial Position  
September 30, 2018 and 2017**

**Assets**

	<u>2018</u>	<u>2017</u>
<b>Current assets</b>		
Cash	\$ 155,810	\$ 442,629
Investments, at fair value	1,145,116	1,089,686
Grants and contributions receivable	123,847	72,835
Prepaid expenses	24,907	30,870
Current portion of security deposit	<u>64,367</u>	<u>-</u>
Total current assets	1,514,047	1,636,020
<b>Property, equipment and leasehold improvements, net</b>	190,118	225,774
<b>Security deposit, net of current portion</b>	<u>-</u>	<u>77,113</u>
<b>Total assets</b>	<b><u>\$1,704,165</u></b>	<b><u>\$1,938,907</u></b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 88,111	\$ 91,606
Deferred membership dues	296,281	277,642
Deferred revenue	8,087	-
Current portion of deferred lease incentive	<u>167,352</u>	<u>14,343</u>
Total current liabilities	559,831	383,591
Deferred lease incentive, net of current portion	<u>-</u>	<u>167,352</u>
Total liabilities	<u>559,831</u>	<u>550,943</u>
<b>Net assets</b>		
Unrestricted		
Board designated		
Capital reserve fund	650,000	650,000
Special needs reserve fund	200,000	200,000
Undesignated	<u>77,808</u>	<u>181,214</u>
Total unrestricted	927,808	1,031,214
Temporarily restricted	<u>216,526</u>	<u>356,750</u>
Total net assets	<u>1,144,334</u>	<u>1,387,964</u>
<b>Total liabilities and net assets</b>	<b><u>\$1,704,165</u></b>	<b><u>\$1,938,907</u></b>

See notes to financial statements.

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.**

**Statements of Activities**

**Years Ended September 30, 2018 and 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and support</b>						
Grants and contributions	\$ 572,743	\$ 287,750	\$ 860,493	\$ 527,990	\$ 442,750	\$ 970,740
In-kind contributions	270,423	-	270,423	258,298	-	258,298
Membership dues	618,933	-	618,933	640,538	-	640,538
Membership grants	11,035	-	11,035	24,000	-	24,000
Rental	5,775	-	5,775	10,675	-	10,675
Interest and dividends	15,539	-	15,539	8,873	-	8,873
Other	35,880	-	35,880	32,615	-	32,615
Net assets released from restrictions	427,974	(427,974)	-	255,750	(255,750)	-
Total revenue and support	1,958,302	(140,224)	1,818,078	1,758,739	187,000	1,945,739
<b>Expenses</b>						
Program services	1,676,625	-	1,676,625	1,391,311	-	1,391,311
Supporting services						
Management and general	302,298	-	302,298	254,453	-	254,453
Fundraising	123,051	-	123,051	190,350	-	190,350
Total supporting services	425,349	-	425,349	444,803	-	444,803
Total expenses	2,101,974	-	2,101,974	1,836,114	-	1,836,114
<b>(Decrease) increase in net assets from operations</b>	(143,672)	(140,224)	(283,896)	(77,375)	187,000	109,625
<b>Non-operating gain</b>						
Net realized and unrealized gain on investments	40,266	-	40,266	101,475	-	101,475
<b>(Decrease) increase in net assets</b>	(103,406)	(140,224)	(243,630)	24,100	187,000	211,100
<b>Net assets, beginning of year</b>	1,031,214	356,750	1,387,964	1,007,114	169,750	1,176,864
<b>Net assets, end of year</b>	\$ 927,808	\$ 216,526	\$ 1,144,334	\$ 1,031,214	\$ 356,750	\$ 1,387,964

See notes to financial statements.

NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.

Statements of Functional Expenses  
 Years Ended September 30, 2018  
 (with Summarized Comparative Information for the Year Ended September 30, 2017)

	Program Services						Supporting Services			2018 Total	2017* Total
	Nonprofit Excellence Awards	Education and Training	Member Services	Policy	Knowledge Management	Communi- cations	Total Program Services	Management and General	Fundraising		
Salaries	\$ 77,028	\$ 86,344	\$ 131,030	\$ 88,703	\$ 135,563	\$ 102,067	\$ 620,735	\$ 68,618	\$ 66,336	\$ 755,689	\$ 628,936
Benefits and taxes	21,270	24,043	37,011	24,182	37,875	28,139	172,520	18,900	18,071	209,491	201,257
Contracted fees	19,309	20,050	102,111	87,577	91,596	35,252	355,895	172,713	8,743	537,351	428,023
Payroll service provider	5,517	6,206	9,489	6,073	9,746	7,300	44,331	4,838	4,571	53,740	49,812
Occupancy and utilities	19,145	21,458	32,810	21,000	33,765	25,242	153,420	17,081	15,804	186,305	188,777
Grants and awards	109,070	-	-	-	-	-	109,070	-	-	109,070	108,150
Meeting and training	19,904	10,874	15,123	1,932	428	367	48,628	3,896	95	52,619	50,268
Printing, production and postage	66,260	507	1,112	408	655	3,771	72,713	1,635	1,349	75,697	71,545
Office equipment and supplies	7,803	4,754	6,418	2,703	4,608	5,922	32,208	5,540	2,070	39,818	19,336
Dues, subscriptions and seminars	1,515	1,838	2,503	1,739	4,406	2,010	14,011	2,558	1,730	18,299	30,170
Travel	2	2	449	101	1,002	2	1,558	979	1	2,538	2,003
Other	1,094	2,751	9,180	1,118	1,780	1,164	17,087	1,780	729	19,596	16,340
Depreciation and amortization	4,287	4,823	7,373	4,719	7,574	5,673	34,449	3,760	3,552	41,761	41,497
<b>Total</b>	<b>\$ 352,204</b>	<b>\$ 183,650</b>	<b>\$ 354,609</b>	<b>\$ 240,255</b>	<b>\$ 328,998</b>	<b>\$ 216,909</b>	<b>\$1,676,625</b>	<b>\$ 302,298</b>	<b>\$ 123,051</b>	<b>\$2,101,974</b>	<b>\$1,836,114</b>

See notes to financial statements.

\* This column has been presented for comparative purposes only.

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.**

**Statements of Cash Flows**

	<b>Years Ended</b>	
	<b>September 30</b>	
	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Cash flows from operating activities</b>		
(Decrease) increase in net assets	\$ (243,630)	\$ 211,100
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	41,761	41,497
Net realized and unrealized gain on investments	(40,266)	(101,475)
(Increase) decrease in assets		
Grants and contributions receivable	(51,012)	251,481
Prepaid expenses	5,963	(5,388)
Security deposit	12,746	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(3,495)	(98,106)
Deferred membership dues	18,639	(1,832)
Deferred revenue	8,087	-
Deferred lease incentive	(14,343)	(9,088)
Net cash (used in) provided by operating activities	<u>(265,550)</u>	<u>288,189</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(6,105)	(1,643)
Purchases of investments	(160,961)	(7,901)
Sale of investments	150,376	-
Net change in money market funds	(4,579)	(960)
Net cash (used in) investing activities	<u>(21,269)</u>	<u>(10,504)</u>
<b>Net (decrease) increase in cash</b>	<b>(286,819)</b>	<b>277,685</b>
<b>Cash, beginning of year</b>	<u><b>442,629</b></u>	<u><b>164,944</b></u>
<b>Cash, end of year</b>	<u><b>\$ 155,810</b></u>	<u><b>\$ 442,629</b></u>

See notes to financial statements.

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.****Notes to Financial Statements  
September 30, 2018****Note 1 – Organization**

The Nonprofit Coordinating Committee of New York, Inc. (“NPCC”) 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 NPCC are principally membership dues from other nonprofit organizations and grants and contributions from foundations, corporations and individuals.

NPCC 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). NPCC is also a nonprofit membership organization incorporated under the laws of the State of New York. Accordingly, NPCC 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 2018 or 2017. NPCC’s tax returns for the 2015 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 NPCC 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 NPCC and changes therein are classified and reported as follows:

**Unrestricted**

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of NPCC. The 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 NPCC. 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.



**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.****Notes to Financial Statements (continued)  
September 30, 2018****Note 2 – Summary of Significant Accounting Policies (continued)**Temporarily Restricted

Temporarily restricted net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted contributions.

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by the donor to be held in perpetuity. NPCC had no permanently restricted net assets at September 30, 2018 and 2017.

Revenues and gains and losses on investments and other assets and liabilities are reported as changes in unrestricted net assets unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets.

Operating and Non-Operating Activities

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

*2. Cash equivalents*

NPCC considers highly liquid investments with original maturities of 90 days or less to be cash equivalents. NPCC 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, 2018 and 2017 totaling \$123,847 and \$72,835, respectively, are expected to be collected within one year.

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.**

**Notes to Financial Statements (continued)  
September 30, 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 unrestricted net assets.

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

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

*5. Allowance for Doubtful Accounts*

NPCC 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.

*6. Property, Equipment and Leasehold Improvements*

NPCC records property, equipment and leasehold improvements at cost. NPCC capitalizes expenditures above a nominal amount 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 COORDINATING COMMITTEE OF NEW YORK, INC.****Notes to Financial Statements (continued)  
September 30, 2018****Note 2 – Summary of Significant Accounting Policies (continued)***7. 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.

*8. 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 \$270,423 in 2018 and \$258,298 in 2017. Board members and other individuals volunteer their time and perform a variety of tasks that assist NPCC 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.

*9. Functional Expenses Allocations*

The costs of providing the various programs and other activities of NPCC have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable basis.

Effective with the 2018 fiscal year, NPCC revised the presentation of its Statement of Functional Expenses and reclassified the total expenses for 2017 for comparative purposes only.

*10. 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.

*11. Subsequent Events*

NPCC has evaluated events and transactions for potential recognition or disclosure subsequent to September 30, 2018 through December 5, 2018, which is the date the financial statements were available to be issued.

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.**

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

**Note 2 – Summary of Significant Accounting Policies (continued)**

*12. Concentrations of Credit Risk*

NPCC's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and grants and contributions receivable. NPCC places its cash with what it believes to be quality financial institutions. NPCC'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, 2018. NPCC's management monitors the collectibility of grants and contributions receivable. NPCC believes no significant concentrations of credit risk exists with respect to its cash, investments and grants and contributions receivable.

*13. New Authoritative Accounting Pronouncements*

The FASB issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which among other things, changes how not-for profit entities report net asset classes, expenses and liquidity in their financial statements. The significant requirements of the new ASU include the reduction of the number of net asset classes from three to two: with donor restrictions and without donor restrictions; the presentation of expenses by their function and their natural classification in one location; quantitative and qualitative information about the management of liquid resources and availability of financial assets to meet cash needs within one year of the date of the Statement of Financial Position; and retaining the option to present operating cash flows in the Statements of Cash Flows using either the direct or indirect method. NPCC plans to adopt ASU 2016-14 for the fiscal year ending September 30, 2019.

**Note 3 – Investments**

Investments held by NPCC, at fair value, as of September 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
	Fair Value (Level 1)	Fair Value (Level 1)
U.S. Government money market fund	<u>\$ 453,089</u>	<u>\$ 448,510</u>
<u>Mutual funds</u>		
Global equity fund	537,857	633,808
Inter-term corporate bond index fund	146,839	-
Short-term bond index fund	<u>7,331</u>	<u>7,368</u>
Total mutual funds	<u>692,027</u>	<u>641,176</u>
Total investments	<u><u>\$1,145,116</u></u>	<u><u>\$1,089,686</u></u>

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.**

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

**Note 3 – Investments (continued)**

A summary of net gains on investment transactions for the years ended September 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Net realized and unrealized gain	\$ 40,266	\$ 101,474
Capital gain distribution	<u>-</u>	<u>1</u>
Total	<u>\$ 40,266</u>	<u>\$ 101,475</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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Property and equipment	\$ 105,876	\$ 99,771
Leasehold improvements	<u>349,959</u>	<u>349,959</u>
Sub-total	455,835	449,730
Less: Accumulated depreciation and amortization	<u>265,717</u>	<u>223,956</u>
Total	<u>\$ 190,118</u>	<u>\$ 225,774</u>

Depreciation and amortization expense for the years ended September 30, 2018 and 2017 amounted to \$41,761 and \$41,497, respectively.

**Note 5 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are available to satisfy the following programs or time restrictions:

	Balance at September 30, <u>2017</u>	<u>Additions</u>	Net Assets Released from Restrictions	Balance at September 30, <u>2018</u>
Nonprofit Excellence Awards	\$ 102,500	\$ 222,500	\$ (162,500)	\$ 162,500
Mental health training	69,000	-	(69,000)	-
Policy – diversity equity inclusion	-	65,000	(11,224)	53,776
Technology infrastructure	40,000	-	(40,000)	-
Evaluation & data management	115,000	-	(115,000)	-
General operating	<u>30,250</u>	<u>250</u>	<u>(30,250)</u>	<u>250</u>
Total temporarily restricted net assets	<u>\$ 356,750</u>	<u>\$ 287,750</u>	<u>\$ (427,974)</u>	<u>\$ 216,526</u>

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.****Notes to Financial Statements (continued)  
September 30, 2018****Note 6 – Nonprofit Excellence Awards**

Initiated in the 2007 fiscal year, the Nonprofit Excellence Awards (NEA) is a collaborative effort of NPCC, the New York Community Trust and Philanthropy New York. 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 7 – Related Parties**

A board member of NPCC is a partner at a firm that provided donated professional services to NPCC. For the years ended September 30, 2018 and September 30, 2017, the fair market value of these services was \$20,300 and \$22,800, respectively.

**Note 8 – Commitments****Office lease agreement**

During August 2013, NPCC entered into a ten-year lease agreement for office space. The lease provides for minimum annual payments. Annual rental payments are subject to cost of living adjustments, which are based on the July Consumer Price Index for each year. In connection with the lease, NPCC has a security deposit of \$64,367. In addition, NPCC paid the first month's rent of \$13,453. In connection with the lease, NPCC agreed to contribute \$115,000 toward the renovation construction costs. At the time of the execution of the lease, NPCC made a deposit of \$25,000 toward the cost of construction. NPCC commenced occupying the new space in December 2013 and as part of the lease agreement, received three months of free rent in 2014.

NPCC amortizes rent expense each year equally over the term of the lease. The difference between rent expense recorded in this manner and the actual cash paid per the lease agreement is included in the deferred lease incentive. NPCC also received a build-out allowance of \$150,000 under the terms of its lease agreement. NPCC has included the build-out allowance in the deferred lease incentive and is amortizing the amount over the term of the lease. In connection with NPCC executing a new lease agreement (see below) as of September 30, 2018, NPCC has classified the remaining portion of the deferred lease incentive as a current liability on the statement of financial position. Rental expenses for the years ended September 30, 2018 and 2017 were \$167,160 and \$166,534, respectively. Rental expenses are included in occupancy and utilities expense on the statement of functional expenses.

On October 2, 2018, NPCC executed a lease for new office space. The lease commences on a date to be mutually agreed with the landlord. The move in date is expected to be in July 2019. The term of the new lease is 10 years from the commencement date, with two 5 year rights of renewal.

**NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC.****Notes to Financial Statements (continued)  
September 30, 2018****Note 8 – Commitments (continued)****Office lease agreement (continued)**

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 NPCC's proportionate share of the landlord's operating costs and amortization of the building renovations assets related to NPCC'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.

On November 12, 2018, NPCC entered into a Termination and Surrender of Lease Agreement ("Termination") with its existing landlord. As part of the Termination, it was agreed that the date of termination would be the earlier of October 31, 2019 or the give back date, provided the give back date shall not occur prior to June 30, 2019. In connection with the Termination, in November 2018, NPCC was required to pay a termination fee.

**Note 9 – Retirement Plan**

Through June 30, 2018, NPCC 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. NPCC contributed \$33,420 and \$55,032 to the plan for the years ended September 30, 2018 and 2017, respectively.

In July of 2018, NPCC changed to a registered professional employer organization ("PEO") for payroll management. Although there was no retirement plan in place at the end of the 2018 fiscal year, NPCC is in the process of establishing a plan with the PEO.

**Note 10 – GoodCauses Insurance Company**

NPCC, 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.

In the 2017 fiscal year, the GoodCauses Board began discussing the sunset provision in effect as of 2018 and intends to dissolve the corporation in the 2019 fiscal year. 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. GoodCauses is currently waiting for a response from the Attorney General.