WeiserMazars LLP

AHRC New York City Foundation, Inc.

Financial Statements
June 30, 2015 and 2014

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AHRC New York City Foundation, Inc.
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June 30, 2015 and 2014

Independent Auditors' Report

To The Board of Directors
AHRC New York City Foundation, Inc.

We have audited the accompanying financial statements of AHRC New York City Foundation, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, 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 these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 AHRC New York City Foundation, Inc. as of June 30, 2015 and 2014, 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.

Weiser Mazars LLP

December 3, 2015

AHRC New York City Foundation, Inc.
Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	**$ 1,432,756**	$ 1,368,656
Investments	**26,625,288**	22,828,451
Interest receivable	**30,019**	41,852
Pledges receivable	**87,125**	23,499
Prepaid expenses	**61,720**	68,013
Total assets	**$ 28,236,908**	$ 24,330,471
Liabilities and Net Assets		
Due to affiliate	**$ 490,965**	$ 185,912
Refundable advance	**100,000**	100,000
Accrued expenses and miscellaneous liabilities	**11,483**	14,358
Total liabilities	**602,448**	300,270
Net assets		
Unrestricted	**26,742,355**	23,219,705
Temporarily restricted	**391,590**	309,981
Permanently restricted	**500,515**	500,515
Total net assets	**27,634,460**	24,030,201
Total liabilities and net assets	**$ 28,236,908**	$ 24,330,471

The accompanying notes are an integral part of these financial statements.

AHRC New York City Foundation, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2015 and 2014

	2015	2014
Changes in unrestricted net assets:		
Revenues and gains		
Contributions	**$ 3,482,847**	$ 364,666
Special event revenues, net of direct expenditures of $421,190 and $470,367	**1,452,544**	1,863,790
Realized and unrealized gains (losses) on securities	**527,700**	3,209,439
Dividends and interest	**385,837**	412,745
Total unrestricted revenues and gains	**5,848,928**	5,850,640
Expenses		
Program services	**1,394,109**	1,234,197
Management and general	**385,254**	367,844
Fund-raising	**546,914**	552,117
Total expenses	**2,326,277**	2,154,158
Increase in unrestricted net assets	**3,522,651**	3,696,482
Changes in temporarily restricted net assets:		
Investment earnings on permanently restricted net assets	**81,608**	98,823
Increase in temporarily restricted net assets	**81,608**	98,823
Increase in net assets	**3,604,259**	3,795,305
Net assets at beginning of year	**24,030,201**	20,234,896
Net assets at end of year	**$ 27,634,460**	$ 24,030,201

The accompanying notes are an integral part of these financial statements.

AHRC New York City Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2015

Account	Program Services	Management and General	Fund-Raising	Total
Grants	$ 1,321,087	$ -	$ -	**$ 1,321,087**
Salaries	45,657	45,657	194,041	**285,355**
Payroll taxes and fringes	9,594	9,594	40,776	**59,964**
Printing and stationery	3,262	3,262	58,712	**65,236**
Insurance	468	936	7,953	**9,357**
Postage	654	1,308	11,114	**13,076**
Guests travel	-	-	11,305	**11,305**
Consulting	-	311,110	166,126	**477,236**
Rent and utilities	5,172	5,172	21,982	**32,326**
Miscellaneous	8,215	8,215	34,905	**51,335**
Total expenses	**$ 1,394,109**	**$ 385,254**	**$ 546,914**	**$ 2,326,277**

The accompanying notes are an integral part of these financial statements.

AHRC New York City Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2014

Account	Program Services	Management and General	Fund-Raising	Total
Grants	$ 1,160,188	$ -	$ -	**$ 1,160,188**
Salaries	45,638	45,638	193,960	**285,236**
Payroll taxes and fringes	9,684	9,684	41,155	**60,523**
Printing and stationery	3,225	3,225	58,054	**64,504**
Insurance	202	405	3,438	**4,045**
Postage	574	1,149	9,766	**11,489**
Guests travel	-	-	16,892	**16,892**
Consulting	-	293,057	166,434	**459,491**
Rent and utilities	4,036	4,036	17,154	**25,226**
Miscellaneous	10,650	10,650	45,264	**66,564**
Total expenses	**$ 1,234,197**	**$ 367,844**	**$ 552,117**	**$ 2,154,158**

The accompanying notes are an integral part of these financial statements.

AHRC New York City Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	**$ 3,604,259**	$ 3,795,305
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized losses (gains) on investments	**648,678**	(2,232,191)
Realized gains on investments	**(1,257,986)**	(1,076,071)
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Interest receivable	**11,833**	(41,852)
Pledges receivable	**(63,626)**	27,879
Prepaid expenses	**6,293**	(4,523)
Accrued expenses and miscellaneous liabilities	**(2,875)**	2,592
Net cash provided by operating activities	**2,946,576**	471,139
Cash flows from investing activities		
Acquisition of investments	**(19,660,491)**	(9,902,086)
Proceeds from sales of investments	**16,472,962**	9,640,385
Net cash used in investing activities	**(3,187,529)**	(261,701)
Cash flows from financing activities		
Net advances from affiliate	**305,053**	49,086
Net increase in cash and cash equivalents	**64,100**	258,524
Cash and cash equivalents		
Beginning of year	**1,368,656**	1,110,132
End of year	**$ 1,432,756**	$ 1,368,656

The accompanying notes are an integral part of these financial statements.

1. Organization and Operations

AHRC New York City Foundation, Inc. (the "Foundation") is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. The Foundation was formed for the purpose of raising funds for the exclusive benefit of developmentally disabled persons in New York City and to supplement the programs and activities available from state funds for such persons.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions, Grants and Bequests

Contributions, grants and bequests including unconditional promises to give (pledges) are recognized as revenue when the conditions on which they depend have been substantially met.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. However, the receipt of any restricted contributions whose restrictions expire, or are otherwise satisfied within the period of receipt, are reported as unrestricted revenues in the Statement of Activities.

Investments

Investments are stated at their fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Generally, fair value is determined by reference to quoted market prices. For investments not listed on a recognized exchange, fair value is furnished by the investee based on quoted market prices of underlying securities if available or on estimates based upon various data and methods of estimation.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA contains provisions that govern the appropriation of donor-restricted endowment funds and also provide standards for the prudent management and investment of institutional funds, standards for the delegation of investment and management functions to outside advisors, expenditure or purpose of an institutional fund. It replaces and updates key provisions of the Uniform Management of Institutional Funds Act ("UMIFA"), which was adopted in New York in 1978.

Under UMIFA, the Foundation could appropriate for expenditure so much of the net appreciation as the governing board determined was prudent; however, appropriation below historic dollar value of a donor-restricted endowment was not permitted other than earned income. Unlike prior law, NYPMIFA permits appropriations below the historic dollar value of donor-restricted endowment funds if the Foundation determines the appropriation is prudent; however, the donor of a donor-restricted endowment fund established before September 17, 2010 may choose to retain the historic dollar value limit with respect to that fund or include an explicit spending limitation.

NYPMIFA requires the consideration of the following factors when managing or investing institutional funds: general economic conditions; the possible effect of inflation and deflation; the expected tax consequences, if any, of investment decisions or strategies; the role that each investment or course of action plays within the overall investment portfolio of the fund; the expected total return from income and the appreciation of investments; other resources of the Foundation; the needs of the Foundation and the fund to make distributions and to preserve capital; and an asset's special relationship or special value, if any to the charitable purposes of the Foundation.

NYPMIFA further provides that, except as otherwise provided by a gift instrument, (i) management and investment decisions about an individual asset must be made not in isolation but rather in the context of the Foundation's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the Foundation, and (ii) investments of an endowment fund shall be diversified unless the Foundation prudently determines that, because of special circumstances, the purposes of the fund are better served without diversification.

The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In determining the specific investment strategy, the Foundation and its investment advisors focus heavily on the purpose of the investment portfolio. Other considerations include spending and investment goals, range of investment alternative, liquidity constraints, number of investments and geographical, currency and taxation matters, risk and diversification. Portfolios must be appropriate in order to be sustainable for the long-term. When adopting the Foundation's approach, basic economic drivers are considered as well as three fundamental economic groupings of scenarios: growth, inflation and deflation.

Risks and Uncertainties

The Foundation's investments are concentrated in funds that invest in marketable equity and debt securities. Such securities are subject to various risks that determine the value of the funds. Due to the level of risk associated with equity securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonable that changes in market conditions in the near term could materially affect the value of the investments reported in the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Pledges Receivable

Pledges receivable are expected to be collected within one year and are recorded at net realizable value. Pledges receivable are periodically evaluated for collectability. Changes in the estimated collectability of the receivables are recorded in the statement of activities in the period in which the estimate is revised.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Foundation maintains its cash balances in one financial institution which, at times may exceed federally-insured limits. The Foundation has not experienced any losses in such accounts.

Grant Expense

Unconditional grants are recognized as expense in the period the grant is made. Conditional grants are recognized as expense when the conditions on which they depend have been substantially met.

The Foundation recognized grant expense of $1,321,000 and $1,160,000 for the years ended June 30, 2015 and 2014, respectively. As of June 30, 2015 and 2014, the Foundation had $1,074,000 and $1,499,000 of conditional grants outstanding, respectively.

Restricted Net Assets

Permanently restricted net assets consist of amounts received as bequests. The principal is permanently restricted and held in a separate account. The income earned on the principal is used to assist consumers with guardianship issues.

3. Investments

The following table presents the financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows: level 1 consisting of quoted prices in active markets for identical assets; level 2 consisting of significant other observable inputs; and level 3 consisting of significant unobservable inputs.

Investments, at fair value, at June 30, 2015 and 2014 are summarized as follows:

	Quoted prices in active markets for identical assets	
	2015	2014
Common stocks *	**$ 12,782,779**	$ 12,311,157
Mutual funds *	**3,284,336**	3,302,942
Bonds and U.S. Treasury obligations	**10,558,173**	7,214,352
	$ 26,625,288	$ 22,828,451

All investments are Level 1 with the exception of corporate bonds which are considered Level 2.

* Common stocks and mutual funds consist of securities in a multitude of different industries including energy, entertainment, healthcare, information technology, retail, financial services, international funds, among many others, with no single industry group prevailing.

Bonds and U.S. Treasury obligations includes 55% and 60% government bonds and 45% and 40% investment grade corporate bonds as of June 30, 2015 and 2014, respectively.

For the years ended June 30, 2015 and 2014, the Foundation recognized dividend and interest income on securities of $386,000 and $413,000, realized gains on securities of $1,258,000 and $1,076,000, and unrealized (loss) gains on securities of $(649,000) and $2,232,000, respectively.

The Foundation investment portfolio includes $501,000 of permanently restricted net assets at June 30, 2015 and 2014, and $392,000 and $310,000 of temporarily restricted net assets at June 30, 2015 and 2014, respectively (Note 7).

4. Refundable Advance

During the year ending June 30, 2013, the Foundation received a transfer of assets of $100,000 with donor imposed conditions. The conditions stipulate that the donor has ten years from the date of transfer to provide instruction to the Foundation as to how to use the funds, which could result in the Foundation meeting the conditions and recognizing the funds as contribution revenue or transferring the funds to a third party. As of June 30, 2015, management believes that the likelihood of the Foundation satisfying the donor imposed conditions is uncertain and therefore the funds are being reflected in the Statement of Financial Position as a refundable advance.

5. Related Party Transactions

Amounts due to affiliate primarily represent unpaid grants and non-interest bearing advances with no stated repayment terms, made to NYSARC, Inc., New York City Chapter ("AHRC"). The Foundation and AHRC are related in that some members of the board of directors of the Foundation are also on the board of directors of AHRC. AHRC does not control the Foundation. Included in management and general expenses are management fees charged by AHRC of approximately $130,000 and $133,000 for the years ended June 30, 2015 and 2014, respectively. In addition, included in program services are rent and utility fees charged by AHRC of approximately $30,000 and $24,000 for the years ended June 30, 2015 and 2014, respectively. Grants to AHRC amount to approximately $1,321,000 and $1,160,000 for the years ended June 30, 2015 and 2014, respectively.

6. Income Taxes

The Foundation is organized under the not-for-profit corporation law of the State of New York. The Foundation has been granted exemption from Federal income tax pursuant to Section 501 (c)(3) of the Internal Revenue Code. The Foundation is current with respect to its Federal and State income tax filing requirements. Management is not aware of any issues or circumstances that would unfavorably impact its tax exempt status. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2012.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets represent earnings on endowment funds whose restrictions will be met once the Board appropriates the funds. As such restrictions are satisfied; temporarily restricted net assets will be reclassified to unrestricted net assets. No temporarily restricted net assets were released from restrictions during the year ended June 30, 2014, due to the purpose of the restriction not being accomplished.

8. Subsequent Events

The Foundation has evaluated subsequent events through December 3, 2015, the date the financial statements were available for issuance.

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