MAZARS USA LLP

AHRC New York City Foundation, Inc.

Financial Statements
June 30, 2018 and 2017

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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, 2018 and 2017, 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.

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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, 2018 and 2017, 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.

Mazars USA LLP

December 7, 2018

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 1,149,919	$ 1,378,450
Investments	30,794,027	29,094,130
Interest receivable	30,682	30,682
Pledges receivable	24,550	119,270
Prepaid expenses	11,793	30,515
Total assets	$ 32,010,971	$ 30,653,047
Liabilities and Net Assets		
Due to affiliate	$ 600,134	$ 233,804
Refundable advance	100,000	100,000
Accrued expenses and miscellaneous liabilities	7,256	6,057
Total liabilities	707,390	339,861
Net assets		
Unrestricted	30,296,146	29,354,684
Temporarily restricted	506,920	457,987
Permanently restricted	500,515	500,515
Total net assets	31,303,581	30,313,186
Total liabilities and net assets	$ 32,010,971	$ 30,653,047

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

Statements of Activities and Changes in Net Assets
Years Ended June 30, 2018 and 2017

	2018	2017
Changes in unrestricted net assets:		
Revenues and gains		
Contributions and other income	$ 525,998	$ 603,311
Special event revenues, net of direct expenditures of $421,362 and $459,217	1,054,990	1,028,086
Realized and unrealized gains on securities	932,880	1,904,740
Dividends and interest	803,096	624,426
Total unrestricted revenues and gains	3,316,964	4,160,563
Expenses		
Program services	1,416,413	1,222,419
Management and general	422,027	385,260
Fund-raising	537,062	512,763
Total expenses	2,375,502	2,120,442
Increase in unrestricted net assets	941,462	2,040,121
Changes in temporarily restricted net assets:		
Investment earnings on permanently restricted net assets	48,933	29,821
Increase in temporarily restricted net assets	48,933	29,821
Increase in net assets	990,395	2,069,942
Net assets at beginning of year	30,313,186	28,243,244
Net assets at end of year	$ 31,303,581	$ 30,313,186

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

Statements of Functional Expenses

Year Ended June 30, 2018

Account	Program Services	Management and General	Fund-Raising	Total
Grants	$ 1,299,740	$ -	$ -	$ 1,299,740
Salaries	77,019	77,019	154,039	308,077
Payroll taxes and fringes	12,261	12,261	43,593	68,115
Printing and stationery	2,481	2,481	44,654	49,616
Insurance	455	911	7,739	9,105
Postage	519	1,038	8,826	10,383
Guests travel	-	-	13,115	13,115
Consulting	-	154,102	179,988	334,090
Investment management fees	-	150,277	-	150,277
Rent and utilities	6,133	6,133	21,808	34,074
Miscellaneous	17,805	17,805	63,300	98,910
Total expenses	$ 1,416,413	$ 422,027	$ 537,062	$ 2,375,502

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

Statements of Functional Expenses

Year Ended June 30, 2017

Account	Program Services	Management and General	Fund-Raising	Total
Grants	$ 1,111,524	$ -	$ -	$ 1,111,524
Salaries	75,666	75,666	151,333	302,665
Payroll taxes and fringes	14,855	14,855	52,817	82,527
Printing and stationery	2,323	2,323	41,813	46,459
Insurance	724	1,449	12,316	14,489
Postage	779	1,558	13,246	15,583
Guests travel	-	-	14,488	14,488
Consulting	-	150,717	167,909	318,626
Investment management fees	-	122,144	-	122,144
Rent and utilities	5,264	5,264	18,716	29,244
Miscellaneous	11,284	11,284	40,125	62,693
Total expenses	$ 1,222,419	$ 385,260	$ 512,763	$ 2,120,442

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

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 990,395	$ 2,069,942
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gains on investments	(294,221)	(1,308,329)
Realized gains on investments	(687,592)	(626,232)
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Interest receivable	-	(193)
Pledges receivable	94,720	(37,477)
Prepaid expenses	18,722	22,531
Accrued expenses and miscellaneous liabilities	1,199	(1,908)
Net cash provided by operating activities	123,223	118,334
Cash flows from investing activities		
Purchases of investments	(7,409,662)	(20,947,021)
Proceeds from sales of investments	6,691,578	20,591,350
Net cash used in investing activities	(718,084)	(355,671)
Cash flows from financing activities		
Net advances from affiliate	366,330	130,597
Net decrease in cash and cash equivalents	(228,531)	(106,740)
Cash and cash equivalents		
Beginning of year	1,378,450	1,485,190
End of year	$ 1,149,919	$ 1,378,450

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

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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"). It updates the Uniform Management of Institutional Funds Act, which had governed charitable endowment funds since 1978. NYPMIFA makes several important changes to prior law. Most importantly, NYPMIFA drops the requirement that institutions maintain the "historic dollar value" or original dollar amount of a gift. Instead, NYPMIFA sets forth certain investment and expenditure standards to ensure that endowment funds are used and maintained in a prudent manner. NYPMIFA also imposes decision-making and corporate governance requirements on institutions and their boards.

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 accounting principles generally accepted in the United States of America 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. As of June 30, 2018 and 2017, cash in three financial institutions exceeded the FDIC limits by approximately $911,000 and $1,135,000, respectively.

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 $1,300,000 and $1,112,000 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018 and 2017, the Foundation had $1,692,000 and $890,000 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 are summarized as follows:

	2018	2017
Common stocks *	$ 10,924,132	$ 9,364,666
Mutual funds *	9,159,671	8,790,916
Bonds and U.S. Treasury obligations	10,710,224	10,938,548
	$ 30,794,027	$ 29,094,130

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 US Treasury obligations includes 56% and 59% government bonds and 44% and 41% investment grade corporate bonds as of June 30, 2018 and 2017, respectively.

For the years ended June 30, 2018 and 2017, the Foundation recognized dividend and interest income on securities of $803,000 and $624,000, realized gains on securities of $688,000 and $626,000, and unrealized gains on securities of $294,000 and $1,308,000, respectively.

The Foundation investment portfolio includes $501,000 of permanently restricted net assets at June 30, 2018 and 2017, and $507,000 and $458,000 of temporarily restricted net assets at June 30, 2018 and 2017, 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, 2018, 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 $136,000 and $133,000 for the years ended June 30, 2018 and 2017, respectively. In addition, included in program services are rent and utility fees charged by AHRC of approximately $31,000 and $26,000 for the years ended June 30, 2018 and 2017, respectively. Grants to AHRC amount to approximately $1,300,000 and $1,112,000 for the years ended June 30, 2018 and 2017, 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 2015.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets include 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 temporary restricted net assets were released from restrictions during the year ended June 30, 2018, due to the purpose of the restriction not being accomplished.

8. Subsequent Events

The Foundation has evaluated subsequent events through December 7, 2018, the date the financial statements were available for issuance.

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