

NEW YORK SERVICE FOR THE HANDICAPPED

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2017

NEW YORK SERVICE FOR THE HANDICAPPED

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Independent Auditor's Report

**Board of Directors
New York Service for the Handicapped**

Report on the Financial Statements

We have audited the accompanying financial statements of New York Service for the Handicapped, which comprise the balance sheet as of December 31, 2017, 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

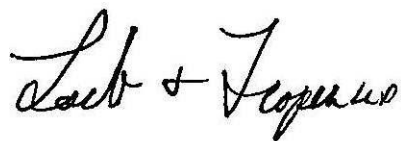
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 New York Service for the Handicapped as of December 31, 2017, 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.

A handwritten signature in black ink that reads "Loeb & Troper". The signature is written in a cursive, flowing style.

November 7, 2018

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted				Temporarily Restricted	Permanently Restricted	
	Total	General	Board Designated	Land, Building and Equipment		Eisenberg Scholarship Fund	De Bare Fund
Operating revenues, gains, losses and other support							
Support							
Special events	\$ 243,177	\$ 243,177			\$ 243,177		
Shore Friends of Camp Oakhurst	43,040	43,040			43,040		
Non-board contributions	139,434	127,547	\$ 8,387		135,934	\$ 3,500	
Foundations, trusts and bequests	230,921	210,484			210,484	20,437	
Board member contributions	176,766	170,266			170,266	6,500	
U.J.A. - Federation of Jewish Philanthropies	64,538	64,538			64,538		
Net assets released from restriction (Note 3)				\$ 23,234		(23,234)	
Total support	<u>897,876</u>	<u>859,052</u>	<u>8,387</u>	<u>23,234</u>	<u>890,673</u>	<u>7,203</u>	
Government grants and contracts							
New Jersey Division of Developmental Disabilities - camp/respite care	49,059	49,059			49,059		
New Jersey Department of Education - summer food program	1,940	1,940			1,940		
New York State Office of People with Developmental Disabilities - respite care	<u>1,257,708</u>	<u>1,257,708</u>			<u>1,257,708</u>		
Total government grants and contracts	<u>1,308,707</u>	<u>1,308,707</u>			<u>1,308,707</u>		
Other revenues, gains and losses							
Direct client fees	208,828	208,828			208,828		
Supplementary fees and scholarships	99,450	99,450			99,450		
Interest and dividends	<u>20,824</u>	<u>20,824</u>			<u>20,824</u>		
Total other revenues, gains and losses	<u>329,102</u>	<u>329,102</u>			<u>329,102</u>		
Total operating revenues, gains, losses and other support	<u>2,535,685</u>	<u>2,496,861</u>	<u>8,387</u>	<u>23,234</u>	<u>2,528,482</u>	<u>7,203</u>	

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NEW YORK SERVICE FOR THE HANDICAPPED

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted				Temporarily Restricted	Permanently Restricted			
	Total	General	Board Designated	Land, Building and Equipment		Total	Eisenberg Scholarship Fund	De Bare Fund	Total
Operating expenses									
Program services									
Summer camp	\$ 722,726	\$ 675,672		\$ 47,054	\$ 722,726				
Traditional respite care	1,058,640	950,690		107,950	1,058,640				
Autism respite care	306,288	269,381		36,907	306,288				
Total program services	<u>2,087,654</u>	<u>1,895,743</u>		<u>191,911</u>	<u>2,087,654</u>				
Supporting services									
Management and general	205,783	205,783			205,783				
Fund raising	131,418	131,418			131,418				
Direct cost of special events	55,234	55,234			55,234				
Total supporting services	<u>392,435</u>	<u>392,435</u>			<u>392,435</u>				
Total operating expenses	<u>2,480,089</u>	<u>2,288,178</u>		<u>191,911</u>	<u>2,480,089</u>				
Change in net assets from operations	<u>55,596</u>	<u>208,683</u>	<u>\$ 8,387</u>	<u>(168,677)</u>	<u>48,393</u>	<u>\$ 7,203</u>			
Nonoperating revenues, gains, losses and other support									
Contributions	55,917	32,768			32,768		\$ 23,149	\$ 23,149	
Nonoperating expenses	(44,531)	(44,531)			(44,531)				
Capital gains distribution	124,989	124,989			124,989				
Unrealized gain on investments	140,630	140,630			140,630				
Realized gains on investments	10,831	10,831			10,831				
Gain/loss on investment in real estate partnership	(23,480)	(23,480)			(23,480)				
Total nonoperating revenues, gains, losses and other support	<u>264,356</u>	<u>241,207</u>			<u>241,207</u>		<u>23,149</u>	<u>23,149</u>	
Change in net assets (Exhibit D)	319,952	449,890	8,387	(168,677)	289,600	7,203	23,149	23,149	
Net assets (deficit) - beginning of year	<u>3,626,082</u>	<u>187,933</u>	<u>\$ 45,364</u>	<u>1,622,037</u>	<u>1,855,334</u>	<u>1,156,489</u>	<u>\$ 98,577</u>	<u>515,682</u>	<u>614,259</u>
Net assets (deficit) - end of year (Exhibit C)	<u>\$ 3,946,034</u>	<u>\$ 637,823</u>	<u>\$ 53,751</u>	<u>\$ 1,453,360</u>	<u>\$ 2,144,934</u>	<u>\$ 1,163,692</u>	<u>\$ 98,577</u>	<u>\$ 538,831</u>	<u>\$ 637,408</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services				
	Total	Summer Camp	Traditional Respite Care	Autism Respite Care	Total	Management and General	Fund Raising	Direct Cost of Special Events	Total
Personnel costs									
Administrative salaries	\$ 459,517	\$ 73,577	\$ 163,821	\$ 56,010	\$ 293,408	\$ 66,248	99,861		\$ 166,109
Household maintenance salaries	105,078	29,311	56,461	19,306	105,078				
Professional salaries	119,143	37,961	60,498	20,684	119,143				
Direct care and recreational salaries	266,925	33,794	173,729	59,402	266,925				
Payroll taxes and employee benefits	290,898	59,314	150,191	50,558	260,063	23,243	7,592		30,835
Contracted services	103,431	70,402	24,448	3,031	97,881	5,550			5,550
	<u>1,344,992</u>	<u>304,359</u>	<u>629,148</u>	<u>208,991</u>	<u>1,142,498</u>	<u>95,041</u>	<u>107,453</u>		<u>202,494</u>
Occupancy and maintenance									
Repairs and maintenance of buildings and grounds	101,185	39,998	48,578	11,296	99,872	821	492		1,313
Electricity, fuel, gas and water	106,360	50,287	49,890	6,183	106,360				
Occupancy (Note 5)	66,268	9,895	22,701	7,762	40,358	15,822	10,088		25,910
Real estate taxes	1,053	258	592	203	1,053				
	<u>274,866</u>	<u>100,438</u>	<u>121,761</u>	<u>25,444</u>	<u>247,643</u>	<u>16,643</u>	<u>10,580</u>		<u>27,223</u>
Administrative expenses									
Stationery, printing and office supplies	48,489	14,522	16,547	2,873	33,942	9,698	4,849		14,547
Technology and communications	49,877	10,653	24,163	8,216	43,032	4,566	2,279		6,845
Professional fees	31,563					31,563			31,563
Insurance	78,359	33,343	33,080	4,101	70,524	7,835			7,835
Recruitment	93,375	93,223			93,223	152			152
Catering and entertainment	58,051						2,817	\$ 55,234	58,051
Other	45,803	12,342	12,239	1,518	26,099	16,264	3,440		19,704
	<u>405,517</u>	<u>164,083</u>	<u>86,029</u>	<u>16,708</u>	<u>266,820</u>	<u>70,078</u>	<u>13,385</u>	<u>55,234</u>	<u>138,697</u>

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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services				
	Total	Summer Camp	Traditional Respite Care	Autism Respite Care	Total	Management and General	Fund Raising	Direct Cost of Special Events	Total
Institutional operations									
Food supplies	\$ 127,728	\$ 60,389	\$ 59,911	\$ 7,428	\$ 127,728				
Household supplies and equipment	14,858	7,025	6,969	864	14,858				
Linen and bedding	2,821	1,334	1,323	164	2,821				
Medical supplies and fees	8,523	3,888	4,124	511	8,523				
Recreation and program supplies	31,147	14,726	14,610	1,811	31,147				
Sensory room expenses	29,900	7,331	16,819	5,750	29,900				
Transportation	10,064	2,468	5,660	1,936	10,064				
Motor vehicle expense	35,837	8,787	20,159	6,891	35,837				
Clothing	3,313	3,274	31	8	3,313				
Laundry service	19,122	9,041	8,969	1,112	19,122				
Bad debt expense	24,021					\$ 24,021			\$ 24,021
	<u>307,334</u>	<u>118,263</u>	<u>138,575</u>	<u>26,475</u>	<u>283,313</u>	<u>24,021</u>			<u>24,021</u>
Total expenses before depreciation	2,332,709	687,143	975,513	277,618	1,940,274	205,783	\$ 131,418	\$ 55,234	392,435
Depreciation	<u>191,911</u>	<u>47,054</u>	<u>107,950</u>	<u>36,907</u>	<u>191,911</u>				
Total expenses	2,524,620	734,197	1,083,463	314,525	2,132,185	205,783	131,418	55,234	392,435
Less nonoperating expenses	<u>(44,531)</u>	<u>(11,471)</u>	<u>(24,823)</u>	<u>(8,237)</u>	<u>(44,531)</u>				
Total expenses reported on the statement of activities	<u>\$ 2,480,089</u>	<u>\$ 722,726</u>	<u>\$ 1,058,640</u>	<u>\$ 306,288</u>	<u>\$ 2,087,654</u>	<u>\$ 205,783</u>	<u>\$ 131,418</u>	<u>\$ 55,234</u>	<u>\$ 392,435</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NEW YORK SERVICE FOR THE HANDICAPPED

BALANCE SHEET

DECEMBER 31, 2017

ASSETS

Cash and cash equivalents	\$ 422,876
Investments (Note 2)	1,761,348
Accounts receivable	270,215
Security deposit and prepaid expenses	37,742
Investment in real estate partnership (Note 2)	84,976
Land	17,120
Building and improvements (net of \$3,328,351 accumulated depreciation)	1,409,213
Equipment (net of \$1,363,925 accumulated depreciation)	<u>27,027</u>
Total assets	<u><u>\$ 4,030,517</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	<u>\$ 84,483</u>
Total liabilities	<u>84,483</u>
Net assets (Exhibit A)	
Unrestricted	
General	637,823
Board designated (Happy Days Fund) (Note 2)	53,751
Land, building and equipment	<u>1,453,360</u>
Total unrestricted	<u>2,144,934</u>
Temporarily restricted (Note 3)	<u>1,163,692</u>
Permanently restricted	
Eisenberg Scholarship Fund (Note 4)	98,577
Charles A. and Mary De Bare Fund (Note 4)	<u>538,831</u>
Total permanently restricted	<u>637,408</u>
Total net assets	<u>3,946,034</u>
Total liabilities and net assets	<u><u>\$ 4,030,517</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NEW YORK SERVICE FOR THE HANDICAPPED

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities	
Change in net assets (Exhibit A)	\$ 319,952
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Permanently restricted contributions	(23,149)
Depreciation	191,911
Realized gain on investments	(10,831)
Unrealized gain on investments	(140,630)
Loss on investment in real estate partnership	23,480
Decrease (increase) in assets	
Accounts receivable	49,181
Security deposit and prepaid expenses	(21,963)
Increase in liabilities	
Accounts payable and accrued expenses	19,331
	<u>407,282</u>
Net cash provided by operating activities	
Cash flows from investing activities	
Purchase of investments	(25,820)
Proceeds from sale of investments	10,831
Investment in real estate partnership	(50,000)
Distribution from real estate partnerships	5,344
Fixed asset acquisitions	(23,234)
	<u>(82,879)</u>
Net cash used by investing activities	
Cash flows from financing activities	
Proceeds from permanently restricted contributions	23,149
	<u>23,149</u>
Change in cash and cash equivalents	347,552
Cash and cash equivalents - beginning of year	<u>75,324</u>
Cash and cash equivalents - end of year	<u>\$ 422,876</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

NEW YORK SERVICE FOR THE HANDICAPPED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 - NATURE AND PURPOSE OF THE ORGANIZATION

New York Service for the Handicapped is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As of February 6, 2018 the organization legally changed its name to Rising Treetops at Oakhurst Inc. The purpose of the organization is to enhance the quality of life for children and adults with special needs, including autism and physical and intellectual disabilities, and provide respite for their families through a year-round camp experience.

The primary sources of funding for the organization are government grants and contracts, private charitable contributions and program fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of 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.

Cash and cash equivalents - Cash and cash equivalents consist of highly liquid instruments purchased with maturities, when acquired, of three months or less.

Investments - Investments are recorded at fair value. New York Service for the Handicapped invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could materially affect New York Service for the Handicapped's financial statements. Temporarily restricted investment income earned and released in the same year is reported as unrestricted income.

Investment in real estate partnership - New York Service for the Handicapped is invested in four real estate partnerships. New York Service for the Handicapped is a 2.97% owner in Audubon Partners, LLC which, based on the equity method, was valued at \$15,453 at December 31, 2017. New York Service for the Handicapped is also a 3.42% owner in Village Park Summit, LLC which, based on the equity method, was valued at \$24,514 at December 31, 2017. New York Service for the Handicapped is also a 0.47% owner in Roanoke Member 4, LLC which, based on the equity method, was valued at \$14,533 at December 31, 2017. New York Service for the Handicapped is also a 0.47% owner in Charlotte Member 4, LLC which, based on the equity method, was valued at \$30,476 at December 31, 2017.

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NEW YORK SERVICE FOR THE HANDICAPPED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable - New York Service for the Handicapped records receivables based on established rates when services are rendered. Accounts receivable are presented net of allowances for doubtful accounts. Interest income is not accrued or recorded on accounts receivable.

Allowance for doubtful accounts - New York Service for the Handicapped determines whether an allowance for uncollectibles should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its accounts, current economic conditions, subsequent receipts and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Management has determined that there was no need to record an allowance for doubtful accounts as of December 31, 2017.

Fixed assets - Fixed assets costing more than \$500 and having a useful life in excess of one year are capitalized at cost and depreciated on the straight-line method over their useful lives as follows:

Building and improvements	5-35 years
Equipment	5-10 years

Net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use by the organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the organization in perpetuity.

Measure of operations - New York Service for the Handicapped excludes gains and losses on investments, capital gains distributions, capital contributions, contributions restricted to investment in endowment and nonoperating expenses from its measure of operations.

Board designated fund - The Board established a Designated Fund consisting of a \$25,000 bequest from George Joelson and \$28,751 of contributions made in memory of former board members and their immediate families. The fund is known as the Happy Days Fund.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same year are recorded as unrestricted contributions.

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NEW YORK SERVICE FOR THE HANDICAPPED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Government grants and contracts - Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as milestones are achieved. Such revenues are subject to audit by the granting agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

Direct client fees - Direct client fees are recognized when services are provided.

Functional allocation of expenses - The costs of providing the organization's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Rent expense - Operating leases are recorded on the straight-line basis with deferred rent recorded when there are material differences between the fixed payment and the rent expense.

Nonoperating expenses - Nonoperating expenses are for minor equipment purchases. The costs of these purchases are covered by contributions.

Uncertainty in income taxes - New York Service for the Handicapped has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2014 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through November 7, 2018, which is the date the financial statements were available to be issued.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that New York Service for the Handicapped has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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NEW YORK SERVICE FOR THE HANDICAPPED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2017 as compared to that used at December 31, 2016.

Mutual funds - Valued at the net asset value (NAV) of shares held at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while New York Service for the Handicapped believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2017:

	<u>Level 1</u>
Mutual funds	
Large Value	\$ 653,809
Large Growth	437,479
Small-Cap Growth	537,433
Foreign Large Blend	<u>132,627</u>
	<u>\$ 1,761,348</u>

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NEW YORK SERVICE FOR THE HANDICAPPED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Capital projects	\$ 927,727
Program development	<u>235,965</u>
	\$ <u>1,163,692</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors:

Capital projects	\$ <u>23,234</u>
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NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS

General

New York Service for the Handicapped's permanently restricted net assets consist of two endowment funds whose assets are to be held in perpetuity. The income from the assets can be used for the specific purpose for which the endowment was established as detailed below.

As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of New York Service for the Handicapped adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA permits charities to apply a spending policy to endowments based on certain specified standards of prudence. New York Service for the Handicapped is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, New York Service for the Handicapped classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

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NEW YORK SERVICE FOR THE HANDICAPPED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS (continued)

Return Objectives, Strategies Employed and Spending Policy

The objective of New York Service for the Handicapped is to maintain the principal endowment funds at the original amount designated by the donor while generating income. The investment policy to achieve this objective is to invest in low-risk securities. Interest earned in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon expenditure for the program for which the endowment fund was established.

Funds with Deficiencies

New York Service for the Handicapped does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund as of December 31, 2017

The endowment net asset composition is as follows:

Camp Oakhurst tuition assistance - Eisenberg Scholarship Fund	\$ 98,577
Capital improvements and special projects - Charles A. and Mary De Bare Fund	<u>538,831</u>
	\$ <u>637,408</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year		\$ 614,259
Contributions		23,149
Interest and dividends	\$ 19,635	
Net realized and unrealized gain on investments	20,605	
Appropriation of funds for expenditures	<u>(40,240)</u>	
Endowment net assets, end of year	\$ <u>-</u>	\$ <u>637,408</u>

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NEW YORK SERVICE FOR THE HANDICAPPED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017****NOTE 5 - LEASE COMMITMENTS**

In November 2013, New York Service for the Handicapped renewed their noncancelable lease for office space which expires in October 2018. Rent expense, including utilities, for the year ended December 31, 2017 was \$66,268. Minimum future payments are as follows:

Year Ending
December 31

2018 \$ 51,379

NOTE 6 - CONCENTRATIONS AND CONTINGENCIES

Financial instruments which potentially subject New York Service for the Handicapped to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

New York Service for the Handicapped at various times is a party to litigation and other claims in the ordinary course of business. There was a notice of claim filed in regard to an incident at the camp. Subsequent to year end, the matter was settled. Any required payment will be covered by insurance.