

**CENTER FOR INDEPENDENCE
OF THE DISABLED IN NEW YORK, INC.**

Audited Financial Statements

June 30, 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Center for Independence of the Disabled in New York, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Independence of the Disabled in New York, Inc. ("CIDNY"), which comprise the statement of financial position as of June 30, 2014, 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.

Auditors' 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 auditors' 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.

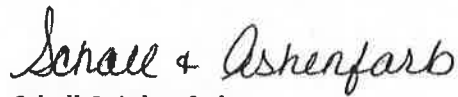
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIDNY as of June 30, 2014, and the changes in net assets and their 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 CIDNY's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 31, 2014

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014

(With comparative totals for June 30, 2013)

	<u>6/30/14</u>	<u>6/30/13</u>
Assets		
Current assets:		
Cash and cash equivalents (Notes 2c and 2d)	\$327,683	\$297,069
Investments (Notes 2f and 3)	723,807	721,417
Pledges receivable (Notes 2b and 2e)	32,712	29,885
Government grants receivable (Notes 2b and 2e)	553,271	322,355
Due from CIDNY-ILS (Note 6)	0	27,658
Prepaid expenses and other assets	17,190	44,821
Total current assets	<u>1,654,663</u>	<u>1,443,205</u>
Non-current assets:		
Security deposits	85,754	85,754
Fixed assets, net of accumulated depreciation (Notes 2g and 5)	63,679	81,642
Total non-current assets	<u>149,433</u>	<u>167,396</u>
Total assets	<u><u>\$1,804,096</u></u>	<u><u>\$1,610,601</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$238,217	\$136,483
Government grant advances (Note 2b)	42,314	0
Total current liabilities	<u>280,531</u>	<u>136,483</u>
Non-current liabilities:		
Deferred rent (Note 2h)	49,694	0
Total non-current liabilities	<u>49,694</u>	<u>0</u>
Total liabilities	<u>330,225</u>	<u>136,483</u>
Commitments (Note 6)		
Net assets (Note 2a):		
Unrestricted	1,184,491	1,326,626
Temporarily restricted (Note 4)	289,380	147,492
Total net assets	<u>1,473,871</u>	<u>1,474,118</u>
Total liabilities and net assets	<u><u>\$1,804,096</u></u>	<u><u>\$1,610,601</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted (Note 4)</u>	<u>Total 6/30/14</u>	<u>Total 6/30/13</u>
Support and revenue:				
Grants and contributions:				
Government contracts (Notes 2b and 6)	\$2,140,429		\$2,140,429	\$1,878,410
Foundation and institutional grants	24,861	\$223,116	247,977	144,564
Individual contributions	264,190		264,190	172,294
Fee income	4,700		4,700	73,258
Interest income	3,023		3,023	3,385
Unrealized gain on investments	98		98	240
Other income			0	12,175
Net assets released from restrictions:				
Satisfaction of program restrictions (Note 2a)	81,228	(81,228)	0	0
Total support and revenue	<u>2,518,529</u>	<u>141,888</u>	<u>2,660,417</u>	<u>2,284,326</u>
Expenses:				
Program services	<u>2,367,991</u>		<u>2,367,991</u>	<u>1,959,314</u>
Supporting services:				
Management and general	271,973		271,973	253,352
Fundraising	20,700		20,700	17,885
Total supporting services	<u>292,673</u>	<u>0</u>	<u>292,673</u>	<u>271,237</u>
Total expenses	<u>2,660,664</u>	<u>0</u>	<u>2,660,664</u>	<u>2,230,551</u>
Change in net assets	(142,135)	141,888	(247)	53,775
Net assets - beginning of year	<u>1,326,626</u>	<u>147,492</u>	<u>1,474,118</u>	<u>1,420,343</u>
Net assets - end of year	<u>\$1,184,491</u>	<u>\$289,380</u>	<u>\$1,473,871</u>	<u>\$1,474,118</u>

The attached notes and auditors' report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

(With comparative totals for the year ended June 30, 2013)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/14	Total Expenses 6/30/13
	Program Services	Management and General	Fundraising			
Salaries	\$1,270,229	\$137,768	\$11,747	\$149,515	\$1,419,744	\$1,246,134
Payroll taxes and fringes	371,259	40,267	3,433	43,700	414,959	364,187
Occupancy	318,266	34,572	2,900	37,472	355,738	214,639
Consultants and contractual expenses	48,981	5,268	40	5,308	54,289	31,275
Insurance	11,902	1,282	29	1,311	13,213	8,910
Telephone and internet	46,969	5,084	330	5,414	52,383	50,481
Dues and subscriptions	15,051	1,617		1,617	16,668	21,870
Maintenance and repairs	25,328	2,722		2,722	28,050	14,817
Postage and delivery	13,719	1,561	804	2,365	16,084	12,283
Office supplies and expenses	31,873	3,538	1,041	4,579	36,452	57,155
Professional fees	139,993	32,600	376	32,976	172,969	119,461
Outreach	11,693			0	11,693	8,187
Equipment and rentals	17,566	1,888		1,888	19,454	36,638
Bank charges		1,522		1,522	1,522	1,469
Travel/conferences	28,773	541		541	29,314	33,313
Miscellaneous expenses	169			0	169	258
	2,351,771	270,230	20,700	290,930	2,642,701	2,221,077
Total expenses before depreciation and amortization						
Depreciation and amortization	16,220	1,743		1,743	17,963	9,474
Total expenses	\$2,367,991	\$271,973	\$20,700	\$292,673	\$2,660,664	\$2,230,551

The attached notes and auditors' report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

(With comparative totals for the year ended June 30, 2013)

	<u>6/30/14</u>	<u>6/30/13</u>
Cash flows from operating activities:		
Change in net assets	(\$247)	\$53,775
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	17,963	9,474
Unrealized gain on investments	(98)	(240)
(Increase)/decrease in assets:		
Pledges receivable	(2,827)	(2,835)
Government grants receivable	(230,916)	(113,379)
Due from CIDNY-ILS	27,658	(14,242)
Prepaid expenses and other assets	27,631	(2,398)
Security deposits	0	(10,754)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	101,734	(21,835)
Government grant advances	42,314	(42,384)
Deferred rent	49,694	0
Net cash provided by/(used for) operating activities	<u>32,906</u>	<u>(144,818)</u>
Cash flows from investing activities:		
Purchases of leasehold improvements, furniture and equipment	0	(83,628)
Purchase of investments (including reinvestment of investment income)	<u>(2,292)</u>	<u>(2,337)</u>
Net cash used for investing activities	<u>(2,292)</u>	<u>(85,965)</u>
Net increase/(decrease) in cash and cash equivalents	30,614	(230,783)
Cash and cash equivalents - beginning of year	<u>297,069</u>	<u>527,852</u>
Cash and cash equivalents - end of year	<u><u>\$327,683</u></u>	<u><u>\$297,069</u></u>

Supplemental data:

Interest paid: \$0

Income taxes paid: \$0

The attached notes and auditors' report are an integral part of these financial statements.

CENTER FOR INDEPENDENCE OF THE DISABLED IN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 - Organization

The Center for Independence of the Disabled in New York, Inc. ("CIDNY") is a leader in improving and maintaining the independence of people with disabilities by removing barriers to full participation in social, economic, cultural, and political life of the community. Over the past 30 years, CIDNY has led public policy, education and advocacy efforts on issues related to people with disabilities and public benefits, housing, education, employment, transportation, and health care. CIDNY also addresses these issues through a wide array of educational workshops including independent living skill training, benefits and public policy updates, personal financial management, job hunting, and interview coaching, and mastering the housing search, among others. For service providers and the general public, CIDNY provides disability awareness training, workshops on the ADA, and the latest updates on benefits available to people with disabilities. Services are available to all people with disabilities residing in New York City, including those with physical, sensory, cognitive, and psychiatric disabilities.

CIDNY is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3) and has not been designated as a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred, rather than when received or paid. All significant receivables, payables, and other liabilities have been presented.

CIDNY's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.
- *Temporarily restricted* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

b. Revenue Recognition

Contributions are recorded as revenue at the earlier of the receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in the temporarily restricted class of net assets. All other contributions are recorded as unrestricted. When the restrictions from temporarily restricted contributions have been met in the year of donation, they are reported as unrestricted.

Contributions expected to be received within one year are recorded at their net realizable value. Conditional contributions received are recorded as liabilities and are recognized as income when the conditions have been substantially met.

Each government grant is reviewed to determine if they contain traits more similar to contributions or exchange transactions. All government grants have been determined to be exchange transactions and have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement.

The difference between cash received and government grant income recognized is reflected as government grants receivable or government grants payable.

c. Cash and Cash Equivalents

CIDNY considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held with an investment custodian for long-term purposes.

d. Concentration of Credit Risk

Financial instruments which potentially subject CIDNY to concentration of credit risk consist of cash accounts and investments. These have all been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. Investments are subject to market fluctuations and principal is not guaranteed. CIDNY has not sustained any losses due to failure of any financial institution.

e. Allowance for Doubtful Accounts

At June 30, 2014, all contributions and grants receivable are due within one year. Management reviews receivables for collectability based on various factors such as historical experience and subsequent collections. Based on this review, management has deemed that no allowance for doubtful accounts is necessary. Receivables that are deemed uncollectible will be written-off to income when all reasonable collection efforts have been exhausted.

f. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

g. Fixed Assets

Capital items purchased with unrestricted funds or as part of government contracts whereby the organization has title to or is reasonably expected to retain its interest in the asset are capitalized at cost. Leasehold improvements that have a useful life of more than one year are also capitalized. Normal maintenance and repair costs are charged to expense.

Depreciation and amortization are charged using the straight-line method over the estimated useful lives of the assets and terms of the lease, as follows:

Leasehold improvements – life of lease

Furniture and equipment – 5-7 years

h. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years of the lease, as payments exceed the amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

i. Donated Services and Materials

Contributed services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions or which create or enhance non-financial assets are reported at fair market value.

Board members and other individuals volunteer their time and perform a variety of tasks that assist CIDNY. These services have not been recorded in the financial statements.

j. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CIDNY.

l. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CIDNY's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

CIDNY does not believe its financial statements include any material uncertain tax positions. Tax filings for periods ending June 30, 2011 and later are subject to examination by applicable taxing authorities.

n. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 31, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Investments

Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. That would include data obtained from sources independent of CIDNY.

The fair value hierarchy is categorized into three levels based on these inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that CIDNY has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2014, investments consisted of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Money market funds and other cash	\$124,792	\$124,792	\$0
Fixed income - Certificates of deposit	<u>599,015</u>	<u>0</u>	<u>599,015</u>
	<u>\$723,807</u>	<u>\$124,792</u>	<u>\$599,015</u>

At June 30, 2013, investments consisted of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Money market funds and other cash	\$122,178	\$122,178	\$0
Fixed income - Certificates of deposit	<u>599,239</u>	<u>0</u>	<u>599,239</u>
	<u>\$721,417</u>	<u>\$122,178</u>	<u>\$599,239</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 4 - Temporarily Restricted Net Assets

The following schedule summarizes temporarily restricted net assets:

	<u>June 30, 2014</u>			
	Balance <u>7/1/13</u>	<u>Contributions</u>	Released From <u>Restrictions</u>	Balance <u>6/30/14</u>
Hurricane Sandy Relief	\$10,985	\$15,100	(\$10,985)	\$15,100
Improving Health Plan Service	0	98,016	(17,502)	80,514
Disability Rights	0	40,000	(26,642)	13,358
Community Housing	0	60,000	(20,069)	39,931
Other	<u>136,507</u>	<u>10,000</u>	<u>(6,030)</u>	<u>140,477</u>
Total	<u>\$147,492</u>	<u>\$223,116</u>	<u>(\$81,228)</u>	<u>\$289,380</u>

	<u>June 30, 2013</u>			
	Balance <u>7/1/12</u>	<u>Contributions</u>	Released From <u>Restrictions</u>	Balance <u>6/30/13</u>
Hurricane Sandy Relief	\$0	\$76,000	(\$65,015)	\$10,985
Accessible Health Coverage	2,393	0	(2,393)	0
Other	<u>136,507</u>	<u>0</u>	<u>0</u>	<u>136,507</u>
Total	<u>\$138,900</u>	<u>\$76,000</u>	<u>(\$67,408)</u>	<u>\$147,492</u>

Net assets were released from restriction due to satisfaction of program obligations.

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/14</u>	<u>6/30/13</u>
Leasehold improvements	\$62,894	\$62,894
Furniture and equipment	<u>182,622</u>	<u>182,622</u>
	245,516	245,516
Less: accumulated depreciation	<u>(181,837)</u>	<u>(163,874)</u>
Total	<u>\$63,679</u>	<u>\$81,642</u>

Depreciation and amortization expense was \$17,963 and \$9,474 for the years ended June 30, 2014 and June 30, 2013, respectively.

Note 6 - Commitments & Contingencies

CIDNY has a non-cancelable lease for premises located at 841 Broadway, New York, New York, which expires in April 2021 and at 80-05 Kew Garden Road, Kew Gardens, New York which expires December 2020. The terms of these leases call for minimum

base rent plus additional rent based on a formula for real estate taxes, labor and utilities.

The following schedule details their future minimum rental payments:

For the year ending: June 30, 2015	\$315,391
June 30, 2016	325,531
June 30, 2017	335,975
June 30, 2018	346,733
June 30, 2019	380,427
Thereafter	<u>641,709</u>
Total	<u>\$2,345,766</u>

CIDNY sublets 3,816 square feet of space at the New York, New York premises to CIDNY - Independent Living Services, Inc. ("ILS"). The sublease agreement began February 1, 2004 and originally ran through January 31, 2014. During the year, the lease term was reduced and terminated on November 30, 2013. There are no outstanding balances due from ILS at June 30, 2014. Rent and utilities on the statement of activities are shown net of reimbursements from the tenant.

CIDNY conducts programs which are publicly supported by governmental agencies. Some programs are subject to governmental agency audits and retroactive adjustments for "disallowed" expenses. Management is of the opinion that expense adjustments, if any, resulting from governmental agency audits, will not be material. Disallowances and adjustments, if any, resulting from such audits will be reflected in the financial statements in the year of settlement. As a result, no reserves have been recorded.

CIDNY has an unused line of credit of \$500,000.

Note 7 - Retirement Plan

CIDNY maintains a tax deferred 403(b) retirement plan on behalf of participating employees. All employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. No contributions by CIDNY are made to the plan.