

**New York Says Thank You Foundation**

Financial Statements

December 31, 2016 and 2015

## **Independent Auditors' Report**

### **The Board of Directors New York Says Thank You Foundation**

We have audited the accompanying statements of New York Says Thank You Foundation (the "Foundation" or "NYSTYF"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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 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 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 audits' 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 NYSTYF as of December 31, 2016 and 2015, 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.

*PKF O'Connor Davies, LLP*

July 7, 2017

## New York Says Thank You Foundation

### Statements of Financial Position

	December 31,	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 81,163	\$ 99,810
Contributions receivable, net	437,243	801,107
Prepaid expenses and other assets	<u>19,343</u>	<u>35,319</u>
	<u>\$ 537,749</u>	<u>\$ 936,236</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ -	\$ 873
Accrued expenses	<u>21,107</u>	<u>19,952</u>
Total Liabilities	<u>21,107</u>	<u>20,825</u>
Net Assets		
Unrestricted	77,588	107,872
Temporarily restricted	<u>439,054</u>	<u>807,539</u>
Total Net Assets	<u>516,642</u>	<u>915,411</u>
	<u>\$ 537,749</u>	<u>\$ 936,236</u>

See notes to financial statements.

## New York Says Thank You Foundation

### Statements of Activities

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 58,634	\$ 22,147	\$ 80,781	\$ 98,466	\$ 547,611	\$ 646,077
Donations in-kind	-	18,023	18,023	-	8,627	8,627
Donated services	-	68,742	68,742	-	33,887	33,887
Grants from Foundations	-	-	-	-	5,000	5,000
Program service revenue, net of costs	10,766	-	10,766	(1,841)	-	(1,841)
Net assets released from restrictions	<u>477,397</u>	<u>(477,397)</u>	<u>-</u>	<u>635,559</u>	<u>(635,559)</u>	<u>-</u>
Total Revenue and Support	<u>546,797</u>	<u>(368,485)</u>	<u>178,312</u>	<u>732,184</u>	<u>(40,434)</u>	<u>691,750</u>
<b>EXPENSES</b>						
Program services						
Payroll and payroll taxes	121,501	-	121,501	111,550	-	111,550
Materials and equipment	3,207	-	3,207	7,467	-	7,467
Consulting services	128,000	-	128,000	119,112	-	119,112
Travel costs	35,253	-	35,253	51,518	-	51,518
Meals	2,679	-	2,679	2,219	-	2,219
Other program costs	7,212	-	7,212	15,007	-	15,007
Grants	306	-	306	47,536	-	47,536
Legal	9,078	-	9,078	26,122	-	26,122
Printing and postage	1,786	-	1,786	8,021	-	8,021
Construction skilled labor costs	-	-	-	2,810	-	2,810
Website design and hosting	2,849	-	2,849	3,019	-	3,019
Video editing and screening fees	-	-	-	2,200	-	2,200
Total Program Services	<u>311,871</u>	<u>-</u>	<u>311,871</u>	<u>396,581</u>	<u>-</u>	<u>396,581</u>
Supporting Services						
Payroll and payroll taxes	64,010	-	64,010	70,067	-	70,067
Fundraising	118,068	-	118,068	107,823	-	107,823
Bookkeeping and accounting fees	22,909	-	22,909	35,912	-	35,912
Legal	42,214	-	42,214	7,765	-	7,765
Website design and hosting	1,870	-	1,870	4,353	-	4,353
Insurance	5,042	-	5,042	5,726	-	5,726
Travel costs	1,441	-	1,441	1,091	-	1,091
Other support costs	4,940	-	4,940	6,414	-	6,414
Printing and postage	2,212	-	2,212	1,745	-	1,745
Service fees	887	-	887	528	-	528
Meals	303	-	303	219	-	219
Office supplies and expense	1,314	-	1,314	1,480	-	1,480
Total Supporting Services	<u>265,210</u>	<u>-</u>	<u>265,210</u>	<u>243,123</u>	<u>-</u>	<u>243,123</u>
Total Expenses	<u>577,081</u>	<u>-</u>	<u>577,081</u>	<u>639,704</u>	<u>-</u>	<u>639,704</u>
Change in Net Assets	(30,284)	(368,485)	(398,769)	92,480	(40,434)	52,046
<b>NET ASSETS</b>						
Beginning	<u>107,872</u>	<u>807,539</u>	<u>915,411</u>	<u>15,392</u>	<u>847,973</u>	<u>863,365</u>
Ending	<u>\$ 77,588</u>	<u>\$ 439,054</u>	<u>\$ 516,642</u>	<u>\$ 107,872</u>	<u>\$ 807,539</u>	<u>\$ 915,411</u>

See notes to financial statements.

## New York Says Thank You Foundation

### Statements of Cash Flows

	Year Ended December 31,	
	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (398,769)	\$ 52,046
Adjustments to reconcile change in net assets to net cash from operating activities		
Contributions receivable	363,864	(62,181)
Prepaid expenses and other assets	15,976	(35,319)
Accounts payable	(873)	(2,243)
Accrued expenses	<u>1,155</u>	<u>(4,990)</u>
Net Cash from Operating Activities	<u>(18,647)</u>	<u>(52,687)</u>
Net Change in Cash and Cash Equivalents	(18,647)	(52,687)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>99,810</u>	<u>152,497</u>
End of year	<u>\$ 81,163</u>	<u>\$ 99,810</u>

See notes to financial statements

## **New York Says Thank You Foundation**

Notes to Financial Statements  
December 31, 2016 and 2015

### **1. Nature of Organization**

New York Says Thank You Foundation (the “Foundation” or “NYSTYF”) was incorporated in the State of New York as a nonprofit organization in October 2004. The mission of the Foundation is: To build hope and provide healing to people around the world as a way to continually “Pay It Forward” for the humanity, kindness, and volunteer spirit New Yorkers – and all Americans - experienced on 9/12. Started in 2003 at the suggestion of a 5-year-old boy, the Foundation is a growing national and global “Pay It Forward” service movement that is creating transformative solutions based on survivor empowerment in disaster relief, education, and the arts.

From the beginning, NYSTYF’s core disaster relief project was an annual 9/11 Anniversary “barn-raising” where survivors of 9/11 and disaster survivors from across the United States were empowered to help rebuild and strengthen communities recovering from their own tragedy through large scale community-wide volunteer projects. The core volunteer group consisted of FDNY firefighters (many of them survivors of the World Trade Center attacks), as well as Ground Zero construction workers, 9/11 family members, and volunteers of all ages from the New York City metropolitan area. Each year a growing group of disaster survivors from all the communities around the U.S. who were assisted during previous “barn-raising” volunteered at subsequent rebuilding projects as their way to “Pay It Forward.” This group includes California wildfire survivors, Hurricane Katrina survivors from Louisiana and Mississippi, tornado survivors from Illinois, Indiana, Texas, Kansas, Iowa, Arkansas, Georgia, and Missouri, flooding survivors from North Dakota, and Hurricane Sandy survivors from New York City and Long Island. A full-length documentary film titled “New York Says Thank You” chronicled many of these annual projects. It premiered at the 2011 Tribeca Film Festival and was viewed by 6 million households nationwide via television and internet broadcast on the 10<sup>th</sup> anniversary of 9/11.

As part of our nationwide disaster relief efforts, New York Says Thank You Foundation became the custodian for The National 9/11 Flag, a 30-foot American flag destroyed in the aftermath of the collapse of the World Trade Center. Between September 2010 and the 10<sup>th</sup> anniversary of 9/11 on September 11, 2011, NYSTYF took the flag on a 50-state journey where 30,000 wounded warriors, military veterans, first responders, educators, school children, 9/11 family members, and everyday service heroes in local communities nationwide stitched the flag back to its original 13-stripe format using fabric from retired American flags in all 50 states.

The National 9/11 Flag was transferred to the National September 11 Memorial & Museum at the Museum’s official public opening ceremony on May 21, 2014 and was put on display on May 21, 2015 for the first anniversary of the Museum opening, for a year as part of a rotating display of museum artifacts. A booklet chronicling the restoration has been created and is being sold in the museum store.

## **New York Says Thank You Foundation**

Notes to Financial Statements  
December 31, 2016 and 2015

### **1. Nature of Organization (continued)**

The 9/12 Generation Project, the education and service learning division of NYSTYF, was created with the goal of inspiring and educating 1.5 million middle school and high school students with the positive, timeless, and universal lessons of citizenship that emerged from 9/12 and activating these students in service projects related to disaster relief, community revitalization, and the arts. In February 2015, management of this program was transferred to the American Public Education Foundation.

The Stars of HOPE<sup>®</sup> program empowers children to use the healing power of art to transform communities impacted by natural and man-made disasters. The Stars of HOPE therapeutic arts program reaches communities in need, bolstering the mental health of children, families, and entire communities in the wake of tragedy. Stars of HOPE Box of HOPE was launched in 2015 to enable anyone to be part of a “pay it forward” service movement to bring hope and healing to people around the world every single day. The Box of HOPE contains 15 wooden stars, paints, brushes, an informational brochure and a custom mailing box so the finished stars can be sent to anyone or anywhere hope is needed. In 2016, this program enabled individuals and companies to bring hope and healing to Ft. McMurray following the devastating wildfires, the entire community of San Bernadino in the recovery following their attack, the survivors and first responders following the Pulse nightclub shooting in Orlando, and international tragedies in Brussels, Nice and Kiev. To date, through Stars of HOPE and Stars of HOPE Box of HOPE, we have been able to reach 127 communities in 23 countries.

Love is Stronger than Hate is a campaign NYSTYF began in 2016 to spread this message and to celebrate diversity. T-shirts were designed as a fundraiser for the Foundation and a trademark is pending. A licensing agreement is in process with the National September 11 Memorial and Museum for sale of goods bearing this mark.

Build for Life is a pending revival of a NYSTYF project first created following Hurricane Katrina to empower cancer survivors, generate in-kind donations of materials, and direct cash assistance to rebuild or repair homes families struggling to rebuild following disaster while also battling cancer, or other life-threatening illness. We hope to complete at least one home in 2017.



## New York Says Thank You Foundation

Notes to Financial Statements  
December 31, 2016 and 2015

### 2. Significant Accounting Principles

#### ***Basis of Accounting***

The Foundation's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), whereby revenues are recognized when earned and expenses are recorded when incurred.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Payroll and payroll taxes recorded in the statements of activities and changes in net assets were allocated to program and supporting services based upon an estimated percentage of the number of hours employees spent on specific programs, fundraising and other supporting services. All other expenses were directly allocated to either program or supporting services.

#### ***Basis of Presentation***

The Foundation's financial statements conform to U.S. GAAP presentation requirements for Not-For-Profit Organizations. Such guidance requires the Foundation to report 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. In addition, information is required to segregate program service expenses from management and general expenses. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- **Unrestricted net assets:** Net assets that are not subject to donor-imposed restrictions.
- **Temporarily restricted net assets:** Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation or through the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- **Permanently restricted net assets:** Permanently restricted net assets represent those resources the use of which has been permanently restricted by donors. Generally, the donors permit the Foundation to use all or part of the investment income and the capital appreciation for general or specific purposes. The Foundation has no permanently restricted net assets.

## **New York Says Thank You Foundation**

Notes to Financial Statements  
December 31, 2016 and 2015

### **2. Significant Accounting Principles *(continued)***

#### ***Cash and Cash Equivalents***

The Foundation considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Included in cash and cash equivalents in the accompanying statements of financial position at December 31, 2016 and 2015 is \$1,811 and \$5,774, of cash temporarily restricted for specific mission-related projects of the Foundation.

#### ***Contributions Receivable***

Unconditional contributions receivable that are expected to be collected in future periods are recorded at fair value. Contributions receivable are reflected net of an allowance for uncollectible amounts based on management's judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors and have been discounted, when contributions are due in more than one year. The rate used for the 2016 and 2015 pledges was 4%.

In accordance with U.S. GAAP, the Foundation does not recognize conditional promises to give as a receivable. The Foundation recognizes a receivable only to the extent the condition has been satisfied. As of December 31, 2016 and 2015, there were no conditional receivables.

#### ***Contributions***

Contributions, including unconditional promises to give, are recognized when the donor makes a promise to give. Contributions are recorded as temporarily restricted contributions 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 to unrestricted net assets and reported in the statement of activities and changes in net assets as a satisfaction of program restrictions. Temporarily restricted contributions which are both received and released within the same year are recorded as an increase in temporarily restricted net assets and as a satisfaction of program restrictions.

#### ***Grants***

The Foundation recognizes grant revenue awarded by foundations as the qualifying expenses stipulated in the grant agreement have been incurred.

## New York Says Thank You Foundation

Notes to Financial Statements  
December 31, 2016 and 2015

### 2. Significant Accounting Principles *(continued)*

#### ***Donated Services and Goods***

Donated services are recognized as contributions in accordance with U.S. GAAP, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. As substantial number of volunteers have made significant contributions of their time to programs and supporting services of NYSTYF and other organizations connected to Foundation projects but not affiliated with the Foundation. The value of this contributed time is not reflected in the financial statements since it did not require specialized skills. However, certain other contributed services that required specialized skills, were provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation, are recognized as revenue and expense. Such amounts, which are included in the accompanying statements of activities, were determined based on their estimated fair market value at the date of donation, totaled \$68,742 and \$33,887 for the years ended December 31, 2016 and 2015. These amounts were related to volunteers on the 9/11 Anniversary Project and donated legal services.

Donated in-kind contributions for the years ended December 31, 2016 and 2015 consisted of \$18,023 and \$8,627 of donated materials and airline vouchers.

#### ***Income Taxes***

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation under Section 509(a)(2) and qualifies for the charitable contribution deduction under Section 170(b)(1)(A). Accordingly, no provisions for income taxes have been provided in the Foundation's financial statements.

The Foundation recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to income tax examinations by the applicable taxing jurisdictions for periods prior to the year 2013.

## New York Says Thank You Foundation

Notes to Financial Statements  
December 31, 2016 and 2015

### 2. Significant Accounting Principles *(continued)*

#### ***Risk Concentrations***

The following summarizes the Foundation's material risk concentrations:

- **Cash:** The Foundation maintains its cash balances in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and as a result believes it is not exposed to any significant related financial risk.
- **Unconditional contributions:** The Foundation periodically reviews its unconditional contributions and establishes an allowance for uncollectible amounts to manage its credit risk. Management uses historical analysis combined with specific information on individual amounts outstanding to determine a reasonable allowance. Management believes that the credit risk beyond its established allowance is limited.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 7, 2017.

### 3. Contributions Receivable

Contributions receivable as of December 31 consisted of the following:

	<u>2016</u>	<u>2015</u>
Contributions	\$ 448,633	\$ 829,630
Less present value discount	<u>11,390</u>	<u>28,523</u>
	<u>\$ 437,243</u>	<u>\$ 801,107</u>

These receivables are due as follows:

	<u>2016</u>	<u>2015</u>
Due in less than one year	\$ 248,633	\$ 389,534
Due in one to five years	<u>188,610</u>	<u>411,573</u>
	<u>\$ 437,243</u>	<u>\$ 801,107</u>

As of December 31, 2016 and 2015 no allowance for uncollectible amounts was recorded in the accompanying statements of financial position.

## New York Says Thank You Foundation

Notes to Financial Statements  
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### 4. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Restricted for mission-related projects	\$ 1,811	\$ 6,432
Time restrictions	<u>437,243</u>	<u>801,107</u>
	<u>\$ 439,054</u>	<u>\$ 807,539</u>

### 5. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time, as follows:

	<u>2016</u>	<u>2015</u>
Release of		
Restrictions for mission-related projects	\$ 104,337	\$ 190,849
Time restrictions	<u>373,060</u>	<u>444,710</u>
	<u>\$ 477,397</u>	<u>\$ 635,559</u>

### 6. Concentrations of Risk

#### ***Credit Risk***

The Foundation maintains balances at a financial institution which, at times, may exceed the Federal Deposit Insurance Corporation ("FDIC") coverage limits.

#### ***Contributions***

For the years ended December 31, 2016 and 2015, approximately \$500,000 of revenue was recognized from one contributor in 2015. Contributions receivable from such contributor was approximately \$429,000 and \$792,000 as of December 31, 2016 and 2015.

### 7. Related Party Transactions

During the years ended December 31, 2016 and 2015, approximately \$10,710 and \$511,000 of contributions were received from honorary co-chairs, members or relatives of the Foundation's Board of Directors.

### 8. Subsequent Event

In 2017, the Foundation received a large pledge contribution of approximately \$1 million plus a matching gift of approximately \$500,000.

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