

FINANCIAL REPORT  
Audited  
**DUTCHESS OUTREACH, INC.**  
June 30, 2015

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*Audited for:*

Board of Directors  
Dutchess Outreach, Inc.



*Audited by:*  
Vanacore, DeBenedictus, DiGiovanni & Weddell, CPAs LLP  
11 Racquet Road  
Newburgh, NY 12550  
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# DUTCHESS OUTREACH, INC.

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Dutchess Outreach, Inc.  
29 North Hamilton St. Suite 222  
Poughkeepsie, NY 12601

### Report on the Financial Statements

We have audited the accompanying financial statements of Dutchess Outreach, Inc. (a non-profit Organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, 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 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 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 Organization'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 Organization'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 Dutchess Outreach, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Vanacore, DeBenedictus, DiGiovanni & Weddell, CPAs*

*Limited Liability Partnership*

Newburgh, NY  
January 28, 2016

## DUTCHESS OUTREACH, INC.

### STATEMENTS OF FINANCIAL POSITION

As of June 30	2015	2014
<b>ASSETS</b>		
Cash and Cash Equivalents (Note 3)	\$ 97,563	\$ 108,876
Marketable Securities (Note 4)	503,796	516,464
Accounts Receivable	12,674	21,883
Grants Receivable (Note 6)	37,151	12,485
Contributions Receivable - Current (Note 7)	118,000	103,500
Inventory	32,683	26,691
Prepaid Expenses	4,264	7,285
<b>Total Current Assets</b>	<b>806,131</b>	<b>797,184</b>
<b>Fixed Assets:</b>		
Machinery and Equipment	113,253	67,926
Computer Equipment	9,566	17,424
Office Equipment	5,195	5,701
	128,014	91,051
Less: Accumulated Depreciation	76,826	87,808
<b>Total Net Fixed Assets</b>	<b>51,188</b>	<b>3,243</b>
<b>Other Assets:</b>		
Contributions Receivable - Long Term (Note 7)	220,881	-
Security Deposits	4,625	4,625
Donated Artwork	5,000	5,000
Other Investments (Note 10)	10,031	10,324
<b>Total Other Assets</b>	<b>240,537</b>	<b>19,949</b>
<b>Total Assets</b>	<b>\$ 1,097,856</b>	<b>\$ 820,376</b>

*See Independent Auditor's Report and Notes to Financial Statements.*

**DUTCHESS OUTREACH, INC.**

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	<b>2015</b>	2014
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable	\$ 21,617	\$ 25,810
Accrued Expenses (Note 8)	47,146	26,957
Refundable Advance	13,725	16,375
<b>Total Current Liabilities</b>	<b>82,488</b>	69,142
Net Assets:		
Unrestricted	435,710	420,902
Temporarily Restricted (Note 9)	569,627	320,008
Permanently Restricted (Note 10)	10,031	10,324
<b>Total Net Assets</b>	<b>1,015,368</b>	751,234
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,097,856</b>	\$ 820,376

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*See Independent Auditor's Report and Notes to Financial Statements.*

**DUTCHESS OUTREACH, INC.**

**STATEMENTS OF ACTIVITIES**

<b>For the Year Ended June 30, 2015</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Revenue, Gains and Other Support:				
Public Support:				
Contributions	\$ 177,831	\$ 11,186	\$ -	\$ 189,017
Donated Goods and Services	134,042	-	-	134,042
Workplace Contributions	39,080	-	-	39,080
United Way	-	17,250	-	17,250
Government Grants	49,199	-	-	49,199
Other Grants	190,132	486,564	-	676,696
Special Events, net	10,134	-	-	10,134
<b>Total Public Support:</b>	<b>600,418</b>	<b>515,000</b>	<b>-</b>	<b>1,115,418</b>
Other Revenue:				
Mobile Farm Market Sales	1,734	-	-	1,734
Investment Income	30,428	-	113	30,541
Unrealized Loss on Investments	(13,394)	-	(66)	(13,460)
<b>Total Other Revenue</b>	<b>18,768</b>	<b>-</b>	<b>47</b>	<b>18,815</b>
Net Assets Released from Restrictions	265,721	(265,381)	(340)	-
<b>Total Revenue, Gains and Other Support</b>	<b>884,907</b>	<b>249,619</b>	<b>(293)</b>	<b>1,134,233</b>
Expenses and Losses:				
Advocacy and Crisis Support	681,778	-	-	681,778
Management and General	132,175	-	-	132,175
Fund-Raising	56,146	-	-	56,146
<b>Total Expenses and Losses</b>	<b>870,099</b>	<b>-</b>	<b>-</b>	<b>870,099</b>
Change in Net Assets	14,808	249,619	(293)	264,134
Net Assets - Beginning	420,902	320,008	10,324	751,234
<b>Net Assets - Ending</b>	<b>\$ 435,710</b>	<b>\$ 569,627</b>	<b>\$ 10,031</b>	<b>\$ 1,015,368</b>

*See Independent Auditor's Report and Notes to Financial Statements.*



## DUTCHESS OUTREACH, INC.

### STATEMENTS OF ACTIVITIES

<b>For the Year Ended June 30, 2014</b>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support:				
Public Support:				
Contributions	\$ 171,225	\$ 15,657	\$ -	\$ 186,882
Donated Goods and Services	232,081	-	-	232,081
Workplace Contributions	45,803	-	-	45,803
United Way	-	43,450	-	43,450
Government Grants	75,780	-	-	75,780
Other Grants	176,657	59,057	-	235,714
Special Events, net	18,269	-	-	18,269
<b>Total Public Support</b>	<b>719,815</b>	<b>118,164</b>	<b>-</b>	<b>837,979</b>
Other Revenue:				
Investment Income	31,839	-	162	32,001
Unrealized Gain on Investments	17,401	-	1,364	18,765
Realized Loss on Sale of Investment	(530)	-	-	(530)
<b>Total Other Revenue</b>	<b>48,710</b>	<b>-</b>	<b>1,526</b>	<b>50,236</b>
Net Assets Released from Restrictions	213,215	(212,891)	(324)	-
<b>Total Revenue, Gains and Other Support</b>	<b>981,740</b>	<b>(94,727)</b>	<b>1,202</b>	<b>888,215</b>
Expenses and Losses:				
Advocacy and Crisis Support	761,915	-	-	761,915
Management and General	140,365	-	-	140,365
Fund-Raising	56,880	-	-	56,880
<b>Total Expenses and Losses</b>	<b>959,160</b>	<b>-</b>	<b>-</b>	<b>959,160</b>
Change in Net Assets	22,580	(94,727)	1,202	(70,945)
Net Assets - Beginning	398,322	414,735	9,122	822,179
<b>Net Assets - Ending</b>	<b>\$ 420,902</b>	<b>\$ 320,008</b>	<b>\$ 10,324</b>	<b>\$ 751,234</b>

*See Independent Auditor's Report and Notes to Financial Statements.*

**DUTCHESS OUTREACH, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

<b>For the Year Ended June 30, 2015</b>	<b>Advocacy and Crisis Support</b>	<b>Management and General</b>	<b>Fund-Raising</b>	<b>Total</b>
Expenses Paid:				
Salaries	\$ 260,323	\$ 69,516	\$ 37,515	\$ 367,354
Employee Benefits	79,260	18,446	10,679	108,385
Special Assistance	55,227	-	-	55,227
Food Bank Supplies	110,243	-	-	110,243
Lunch Box Supplies	36,593	-	-	36,593
Advertising	235	-	-	235
Office Supplies	4,343	793	527	5,663
Auto Expenses	2,631	-	-	2,631
Telephone	2,614	603	354	3,571
Postage	1,810	203	405	2,418
Insurance	8,620	4,568	1,092	14,280
Professional Fees	8,295	17,973	1,383	27,651
Contracted Services	3,073	4,962	244	8,279
Printing	2,487	-	2,955	5,442
Travel	420	-	-	420
Maintenance and Repairs	6,593	694	50	7,337
Conferences/Training	96	85	225	406
Occupancy	91,396	11,391	543	103,330
Equipment	2,824	671	-	3,495
Dues and Subscriptions	-	379	-	379
Miscellaneous	267	1,444	174	1,885
Depreciation	2,747	447	-	3,194
	<b>680,097</b>	<b>132,175</b>	<b>56,146</b>	<b>868,418</b>
Donated Services	1,681	-	-	1,681
<b>Total Expenses</b>	<b>\$ 681,778</b>	<b>\$ 132,175</b>	<b>\$ 56,146</b>	<b>\$ 870,099</b>

*See Independent Auditor's Report and Notes to Financial Statements.*

**DUTCHESS OUTREACH, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

<b>For the Year Ended June 30, 2014</b>	Advocacy and Crisis Support	Management and General	Fund-Raising	Total
Expenses Paid:				
Salaries	\$ 227,535	\$ 74,505	\$ 35,197	\$ 337,237
Employee Benefits	82,910	20,921	11,341	115,172
Special Assistance	66,033	-	-	66,033
Food Bank Supplies	157,827	-	-	157,827
Lunch Box Supplies	61,220	-	-	61,220
Advertising	50	-	500	550
Office Supplies	3,995	876	17	4,888
Telephone	2,765	750	124	3,639
Postage	584	666	959	2,209
Insurance	9,434	5,435	377	15,246
Professional Fees	9,333	19,573	1,189	30,095
Contracted Services	15,398	4,069	936	20,403
Printing	2,276	-	4,247	6,523
Travel	124	-	-	124
Maintenance and Repairs	2,013	496	67	2,576
Conferences/Training	125	45	-	170
Occupancy	92,240	7,906	1,926	102,072
Equipment	248	2,787	-	3,035
Dues and Subscriptions	-	450	-	450
Miscellaneous	34	1,483	-	1,517
Depreciation	2,835	403	-	3,238
	736,979	140,365	56,880	934,224
Donated Services	24,936	-	-	24,936
<b>Total Expenses</b>	<b>\$ 761,915</b>	<b>\$ 140,365</b>	<b>\$ 56,880</b>	<b>\$ 959,160</b>

*See Independent Auditor's Report and Notes to Financial Statements.*

## DUTCHESS OUTREACH, INC.

### STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 264,134	\$ (70,945)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by/(Used in) Operating Activities:		
Depreciation	3,194	3,238
Contribution of Fixed Assets	(28,394)	-
Present Value Adjustment on Multi-year Pledges	9,119	-
Unrealized (Gain)/Loss on Investments	13,460	(18,765)
Return on Investment	340	324
Non-Cash Income Earned on Other Investments	(113)	(162)
Realized Loss on Sale of Investments	-	530
Changes in Working Capital:		
(Increase)/Decrease in Accounts Receivable	9,209	13,223
(Increase)/Decrease in Contributions Receivable	(244,500)	106,900
(Increase)/Decrease in Grants Receivable	(24,666)	4,756
(Increase)/Decrease in Inventory	(5,992)	4,792
(Increase)/Decrease in Prepaid Expenses	3,021	36
Increase/(Decrease) in Accounts Payable	(4,193)	8,891
Increase/(Decrease) in Accrued Expenses	20,189	11,428
Increase/(Decrease) in Refundable Advance	(2,650)	3,825
Total Adjustments	(251,976)	139,016
<b>Net Cash Provided by Operating Activities</b>	<b>12,158</b>	<b>68,071</b>
Cash Flows from Investing Activities:		
Purchase of Investments	(726)	(156,132)
Proceeds from Sale of Investments	-	145,418
Purchase of Fixed Assets	(22,745)	(536)
<b>Net Cash Used in Investing Activities</b>	<b>(23,471)</b>	<b>(11,250)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(11,313)</b>	<b>56,821</b>
Cash and Cash Equivalents - Beginning	108,876	52,055
Cash and Cash Equivalents - Ending	\$ 97,563	\$ 108,876

#### Supplemental Disclosures:

##### Non-Cash Operating and Investing Activities:

Donated Computer Services	\$ -	\$ 22,950
Donated Professional Services	\$ 1,681	\$ 1,986
Donated Food and Non-Food Items	\$ 113,940	\$ 165,202
Donated Facilities	\$ -	\$ 24,551
Donated Auction Items	\$ 18,421	\$ 17,392
Return on Investment	\$ 340	\$ 324
Non-Cash Income Earned on Investments	\$ 113	\$ 162

#### Non-Cash Transactions:

During the year ended June 30, 2015, the Organization acquired an asset that was purchased by a grant in the amount of \$28,394.

# DUTCHESS OUTREACH, INC.

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## NOTES TO FINANCIAL STATEMENTS

### **1. Nature of Business:**

Dutchess Outreach, Inc. ("the Organization"), is New York non-profit organization that provides a variety of services to the community including emergency food programs, children's clothing, limited financial assistance and crisis intervention case management services.

### **2. Summary of Significant Accounting Policies:**

#### **Basis of Accounting**

The Organization uses the accrual method of accounting which recognizes income when it is earned and expenses as they are incurred.

#### **Pervasiveness 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 may differ from those estimates.

#### **Financial Statement Presentation**

The Organization reports gifts of cash and other assets as 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is January 28, 2016, which is the date on which the financial statements were available to be issued.

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

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents.

#### **Investments**

Investments are stated at fair market value and unrealized gains and losses are reported as a separate component in the statement of activities.

#### **Receivables**

The Organization provides for bad debts using the reserve method; however, receivables are already shown at their net realizable value after any necessary write-offs. The allowance for doubtful accounts is based on specifically identified amounts that the Organization believes to be uncollectible. Management has determined that no allowance for doubtful accounts is necessary as of June 30, 2015 and 2014.

#### **Contributions Receivable**

Unconditional promises to give are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Significant unconditional promises that are expected to be collected in more than one year are measured using present value techniques and are reported as other assets on the Statement of Financial Position.

#### **Fair Value of Financial Instruments**

The carrying amounts of financial instruments, including cash equivalents, receivables and payables arising in the ordinary course of business, approximate fair value due to the short maturity of these instruments.

# DUTCHESS OUTREACH, INC.

## 2. Summary of Significant Accounting Policies (continued):

### Inventory

Dutchess Outreach receives significant donations of food. Donated food is received during the year and reflected in the statement of activities as a contribution and included in inventory at fair market value at the time of receipt. Purchased food is recorded at cost.

### Fixed Assets

Fixed assets are stated at cost. In the case of donated assets, fixed assets are stated at fair market value at the date of receipt. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Additions, improvements and expenditures for repairs and maintenance that are material in nature and significantly extend the economic life of the asset are capitalized. Any immaterial amounts or amounts incurred as recurring expenditures are charged to expense.

### Donated Artwork

Donations of artwork are recorded at their estimated fair value at the date of donation. The items are capitalized but not depreciated.

### Revenue Recognition

Grant and contract allocations are recorded as revenue in the period specified by the granting agency. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the grantor. The Organization's awards for grant-in-aid are subject to audit by the grantor.

### Advertising Expenses

Advertising expenses are charged against income as incurred and totaled \$235 and \$550 for the years ended June 30, 2015 and 2014, respectively.

### Functional Allocation of Expenses

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management.

### Income Taxes

The Organization files an annual Form 990 as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. As such, no Federal or New York State taxes are paid by the Organization.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustment to the financial statements in order to comply with the provisions of accounting principles generally accepted in the United States of America. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for fiscal years prior to 2012.

### Reclassification of Amounts

Certain amounts for the year ended June 30, 2014 have been reclassified to conform with the presentation of amounts for the year ended June 30, 2015. There is no effect on the 2014 results from operations.

## 3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

As of June 30	2015	2014
Cash	\$ 58,349	\$ 75,261
Money Market Funds	39,118	33,595
Petty Cash	96	20
	<u>\$ 97,563</u>	<u>\$ 108,876</u>

*See Independent Auditor's Report.*

## DUTCHESS OUTREACH, INC.

### 4. Investment in Debt and Marketable Equity Securities:

The following is a summary of the Organization's investment in available-for-sale securities:

	Cost	Net Unrealized Gain	Net Unrealized (Loss)	Fair Market Value
As of June 30	<b>2015</b>			
Equity Securities	\$ 68,874	\$ 1,980	\$ (4,655)	\$ 66,199
Fixed Income	446,557	13,225	(22,185)	437,597
	<b>\$ 515,431</b>	<b>\$ 15,205</b>	<b>\$ (26,840)</b>	<b>\$ 503,796</b>
As of June 30	2014			
Equity Securities	\$ 68,128	\$ 1,302	\$ (2,763)	\$ 66,667
Fixed Income	446,577	14,319	(11,099)	449,797
	\$ 514,705	\$ 15,621	\$ (13,862)	\$ 516,464

### 5. Fair Value Measurements:

The estimated carrying and fair values of the Organization's financial instruments are as follows:

As of June 30	2015		2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Equity Securities	\$ 68,874	\$ 66,199	\$ 68,128	\$ 66,667
Fixed Income	446,557	437,597	446,577	449,797
	<b>\$ 515,431</b>	<b>\$ 503,796</b>	<b>\$ 514,705</b>	<b>\$ 516,464</b>

The fair value of the available for sale securities is based on quoted market rates.

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the 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 lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

To determine the appropriate levels, the Organization performed a detailed analysis of the assets and liabilities that are subject to fair value measurement in accordance with accounting principles generally accepted in the United States of America.

For the years ended June 30, 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent.

June 30, 2015				
	Total	Level 1	Level 2	Level 3
Equity Securities	\$ 66,199	\$ 66,199	\$ -	\$ -
Fixed Income	437,597	437,597	-	-
	<b>\$ 503,796</b>	<b>\$ 503,796</b>	<b>\$ -</b>	<b>\$ -</b>
June 30, 2014				
	Total	Level 1	Level 2	Level 3
Equity Securities	\$ 66,667	\$ 66,667	\$ -	\$ -
Fixed Income	449,797	449,797	-	-
	\$ 516,464	\$ 516,464	\$ -	\$ -

*See Independent Auditor's Report.*

**DUTCHESS OUTREACH, INC.**

**6. Grants Receivable:**

Grants receivable consisted of the following:

As of June 30	2015	2014
Community Development	\$ 11,658	\$ 5,615
DCDSS Receivable	3,500	6,870
Healthy Families Healthy Communities Receivable	21,993	-
	\$ 37,151	\$ 12,485

**7. Contributions Receivable:**

Promises to give are due as follows:

As of June 30	2015	2014
Temporarily Restricted	\$ 345,000	\$ 103,500
Less: Present Value Adjustment*	9,119	-
Net Temporarily Restricted	335,881	103,500
Unrestricted	3,000	-
Total Contributions Receivable	338,881	103,500
Less: Current Portion	118,000	103,500
Long-Term Portion	\$ 220,881	\$ -

Amount due (net of present value adjustment) in:

2015	\$ 118,000
2016	111,933
2017	108,948
	\$ 338,881

\*Rate used was based on IRS long-term Applicable Federal Rate of 2.74% as of June 30, 2015.

**8. Accrued Expenses:**

Accrued expenses consisted of the following:

As of June 30	2015	2014
Accrued Payroll	\$ 15,304	\$ 9,811
Accrued Vacation	3,554	2,993
Accrued Professional Fees	10,000	10,000
Accrued Rent Liability	18,288	4,153
	\$ 47,146	\$ 26,957

**9. Temporarily Restricted Funds:**

These amounts represent grants or contributions received by the Organization for specific purposes. The restrictions indicate that the funds must be used to purchase food or equipment or to provide certain types of assistance to needy people in accordance with applicable donor restrictions. Therefore, these assets are reported as temporarily restricted assets.

As of June 30	2015	2014
Time Restrictions	\$ 345,000	\$ 100,000
Emergency Assistance	149,113	157,920
Lunchbox and GIFTS	51,990	40,351
Food Bank	1,089	-
Fresh Food Initiative	22,435	21,737
	\$ 569,627	\$ 320,008



## DUTCHESS OUTREACH, INC.

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### **10. Permanently Restricted Fund:**

In accordance with Accounting Standards Codification section 958 (ASC 958), “Not-for-Profit Entities,” Dutchess Outreach, the beneficiary organization, is reflecting its interest in the net assets of the recipient organization as an other investment. Variance power has not been granted to the recipient organization.

The Dutchess Outreach Endowment Fund is maintained by the Community Foundation of Dutchess County. The Organization receives the annual net income from the Fund after paying administrative fees to the Community Foundation. As of June 30, 2015, the balance in the Endowment Fund was \$10,031. The balance as of June 30, 2014 was \$10,324. The changes to the Organizations’ permanently restricted fund during the years ended June 30, 2015 and 2014 were \$(293) and \$1,202, respectively. There were no donor contributions to the Fund for either of the years presented.

As required by accounting principles generally accepted in the United States of America, the net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### **Interpretation of Relevant Law**

The Board of Directors has interpreted New York’s Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the original gift value as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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 fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as either temporarily restricted net assets, for endowments that are purpose restricted, until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA, or as unrestricted net assets, for endowments that have no spending restrictions.

The Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.
8. Alternatives to expenditure of the endowment fund.

### **Return Objectives and Risk Parameters**

The Dutchess Outreach Endowment Fund is maintained by the Community Foundation of Dutchess County. The Organization receives the annual net income from the Fund after paying administrative fees to the Community Foundation.

The Dutchess Outreach Endowment Fund is invested in a fixed income portfolio.

Since the Dutchess Outreach Endowment Fund is dependent on investment income from the fixed income portfolio, preservation of capital is the primary investment concern. Achieving the highest possible current yield is the next highest concern consistent with the preservation of capital.

## DUTCHESS OUTREACH, INC.

### 10. Permanently Restricted Fund (continued):

Endowment Net Asset Composition by Type of Fund as of June 30, 2015:

	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted endowment funds	\$ -	\$ 10,031	\$ 10,031

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 10,324	10,324
Investment return:			
Investment Income	-	113	113
Unrealized Loss on Investment	-	(66)	(66)
Return on Investment	-	(340)	(340)
Change in net assets	-	(293)	(293)
Endowment net assets, end of year	\$ -	\$ 10,031	\$ 10,031

Endowment Net Asset Composition by Type of Fund as of June 30, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted endowment funds	\$ -	\$ 10,324	\$ 10,324

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 9,122	9,122
Investment return:			
Investment Income	-	162	162
Unrealized Gain on Investment	-	1,364	1,364
Return on Investment	-	(324)	(324)
Change in net assets	-	1,202	1,202
Endowment net assets, end of year	\$ -	\$ 10,324	\$ 10,324

### 11. Pension Plan:

The Organization has a defined contribution plan for all employees who have completed one year of employment. The amount of the annual contribution to the plan is at the discretion of the Organization's Board of Directors. Total retirement related expenses for the years ended June 30, 2015 and 2014 were \$9,417 and \$10,925, respectively. Eligible employees may also voluntarily contribute to the plan through payroll deductions.

## DUTCHESS OUTREACH, INC.

### 12. Contributed Services and Materials:

A substantial number of unpaid volunteers have made significant contributions of their time. The value of this contributed time is not reflected in these financial statements as it is not susceptible to objective measurement or valuation. In contrast, donated materials, professional services, equipment and below market value rent, when received, are reflected as contributions in the accompanying statements at their estimated fair market value at the date of receipt because they can be objectively measured and valued. The Organization receives significant food donations for the Food Bank and Lunch Box programs. These donations are recognized as revenue and included in inventory at fair market value at the time of receipt.

In-kind contributions consisted of the following for the years ended June 30:

	2015	2014
Donated Facilities	\$ -	\$ 24,551
Auction Items	18,421	17,392
Professional Services	1,681	1,986
Computer Services	-	22,950
Food Bank	81,377	122,946
Gifts	5,023	1,850
Lunchbox	27,540	40,406
	<u>\$ 134,042</u>	<u>\$ 232,081</u>

### 13. Leases:

The Organization's lease for space at 29 North Hamilton Street, Poughkeepsie, New York is for the period April 1, 2014 to March 31, 2019. Under the prior lease, the monthly rent expense was less than the fair market value for the rent charged on similar facilities. Therefore, both a contribution and rent expense have been recognized in the 2014 financial statements for donated facilities.

The total minimum rental commitment at June 30, 2015, under the lease mentioned above, is due as follows:

2016	\$ 95,028
2017	103,257
2018	108,444
2019	84,357
Total	<u>\$ 391,086</u>

The total occupancy expense included in the statements of functional expenses for the years ended June 30, 2015 and 2014 is \$103,330 and \$102,072, respectively.

### 14. Special Events:

Included in the accompanying financial statements is revenue of \$43,955 and \$51,352 for special events held during the year ended June 30, 2015 and 2014, respectively. The total special events expenses, for the years ended June 30, 2015 and 2014 were \$33,821 and \$33,083, respectively. These amounts include in-kind donations of \$18,421 and \$17,392 for the years ended June 30, 2015 and 2014, respectively.

### 15. Commitments and Contingencies:

Government grants received are subject to audit and adjustment by the funding agency or its representatives. If grant revenues are received for expenditures which are subsequently disallowed, the Organization may be required to repay the revenues to the funding agency. In the opinion of management, no disallowed expenditures are expected and, if any were to occur, they would not be material to the accompanying financial statements.