

**NEW YORK PHILATELIC EXHIBITION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

NEW YORK PHILATELIC EXHIBITION, INC.

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
New York Philatelic Exhibition, Inc  
22 East 35<sup>th</sup> Street  
New York, New York 10016

We have audited the accompanying financial statements of The New York Philatelic Exhibition, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended.

### **Management's Responsibility for the Financial Statements**

The Exhibition's 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 The New York Philatelic Exhibition, Inc. as of December 31, 2015, 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.



Certified Public Accountants  
Stewart Manor, New York  
November 2, 2016

BALDESSARI & COSTER LLP

**NEW YORK PHILATELIC EXHIBITION, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015**

**Assets:**

Cash and cash equivalents:

Checking	\$ 318,226
Savings and money market	1,186,270
Petty cash	<u>158</u>

Total cash and cash equivalents \$ 1,504,654

Pledges receivable 41,076

Prepaid insurance 15,655

Deposit - convention center 529,112

Property and equipment, (net of \$3,544 accumulated depreciation) 212,381

**Total Assets** **\$ 2,302,878**

**Liabilities:**

Accounts payable	\$ 24,459
Payroll liabilities	3,461
Deferred revenues	<u>1,764,350</u>

**Total Liabilities** 1,792,270

**Net Assets (Deficit):**

Unrestricted:

Unrestricted	469,532
Temporarily restricted	41,076
Permanently restricted	<u>0</u>

**Total Net Assets** **510,608**

**Total Liabilities and Net Assets** **\$ 2,302,878**

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

BALDESSARI & COSTER LLP

**NEW YORK PHILATELIC EXHIBITION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, Gains, and Other Support:</b>				
Contributions	\$	\$ 182,012	\$	\$ 182,012
Interest Income	2,288			2,288
Other income	357			357
Net assets released from restrictions	<u>236,148</u>	<u>(236,148)</u>		
<b>Total Revenues, Gains, and Other Support</b>	<u>238,793</u>	<u>(54,136)</u>	<u>0</u>	<u>184,657</u>
<b>Expenses and Losses:</b>				
Program services	144,693			144,693
Supporting services:				
Management and General	36,040			36,040
Fundraising	<u>1,216</u>			<u>1,216</u>
<b>Total Expenses</b>	181,949	0	0	181,949
<b>Change In Net Assets</b>	<u>56,844</u>	<u>(54,136)</u>	<u>0</u>	<u>2,708</u>
Net assets (deficit) at the beginning of year	<u>412,688</u>	<u>95,212</u>	<u>0</u>	<u>507,900</u>
<b>Net Assets (Deficit) At End Of The Year</b>	<u>\$ 469,532</u>	<u>\$ 41,076</u>	<u>\$ 0</u>	<u>\$ 510,608</u>

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

BALDESSARI & COSTER LLP

**NEW YORK PHILATELIC EXHIBITION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
<b>Expenses:</b>				
<b>Exhibit Expenses:</b>				
Advertising and promotion	\$ 39,142	\$	\$	\$ 39,142
Exhibit expenses	3,898			3,898
Exhibit management	1,469			1,469
Press relations	5,500			5,500
Awards	2,306			2,306
<b>Total Exhibit Expenses</b>	<u>52,315</u>	<u>0</u>	<u>0</u>	<u>52,315</u>
<b>Payroll And Consulting Expenses:</b>				
Payroll	32,520	8,130		40,650
Payroll taxes	2,488	622		3,110
Consulting fees	32,000	8,000		40,000
<b>Total Payroll And Consulting Expenses</b>	<u>67,008</u>	<u>16,752</u>	<u>0</u>	<u>83,760</u>
<b>Operating Expenses:</b>				
Supplies and printing		2,487		2,487
Telephone		2,458		2,458
Postage and shipping		1,059	98	1,157
Travel	12,021	1,913	1,118	15,052
F.I.P. membership	7,831			7,831
Insurance	3,665	2,197		5,862
Professional fees		4,098		4,098
Bank and credit card fees		3,248		3,248
<b>Total Operating Expenses</b>	<u>23,517</u>	<u>17,460</u>	<u>1,216</u>	<u>42,193</u>
<b>Other Expenses:</b>				
Depreciation expense	1,592	1,593		3,185
Miscellaneous	261	235		496
<b>Total Other Expenses</b>	<u>1,853</u>	<u>1,828</u>	<u>0</u>	<u>3,681</u>
<b>Total Expenses</b>	<u>\$ 144,693</u>	<u>\$ 36,040</u>	<u>\$ 1,216</u>	<u>\$ 181,949</u>

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

BALDESSARI & COSTER LLP

**NEW YORK PHILATELIC EXHIBITION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Cash Provided By (Used For) Operating Activities:**

Change in net assets \$ 2,708

Adjustments to reconcile change in net assets to net  
cash used by operating activities:

Depreciation 3,185

Changes in assets and liabilities:

Pledges receivable 54,136

Prepaid insurance (15,655)

Deposit (79,112)

Accounts payable 23,315

Payroll taxes payable 3,461

Deferred revenues 1,237,717

**Net Cash Provided By (Used for) Operating Activities** 1,229,755

**Cash Provided By (Used For) Investing Activities:**

Purchases of capital assets (215,027)

**Cash Provided By (Used For) Financing Activities:** 0

**Net Increase (Decrease) In Cash** 1,014,728

Cash balance - beginning of year 489,926

**Cash Balance - End Of Year** \$ 1,504,654

**Supplemental disclosures:**

Cash paid for income taxes \$ 0

Cash paid for interest \$ 0

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

BALDESSARI & COSTER LLP

**NEW YORK PHILATELIC EXHIBITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1:**      **Summary of Significant Accounting Policies**

- A.    **Reporting Entity:**    New York Philatelic Exhibition, Inc. is a newly formed not-for-profit corporation that is funded primarily by grants and charitable donations. It is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

New York Philatelic Exhibition, Inc. will plan and host an international philatelic exhibition in New York City, New York in the year 2016. The New York 2016 exhibition is planned to be an 8-day event and is expected to draw over 200,000 people. The exhibition will fulfill an educational role by bringing to the United States collectors and students from around the world as well as through the display of world renowned collections. Programs will be developed to bring the art and history of philately to new audiences with a special emphasis on school age children, special tours, visiting experts and an interactive website.

- B.    **Basis of Accounting:**    The financial statements of New York Philatelic Exhibition, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.
- C.    **Basis of Presentation:**    Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required 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.
- D.    **Donated Services:**    No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.
- E.    **Expense Allocation:**    Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on an estimated basis of time, space and expense considerations. 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 the Organization.



**NEW YORK PHILATELIC EXHIBITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1:**      **Summary of Significant Accounting Policies (continued)**

- F.    Use of Estimates:**    The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the period. Actual results could differ from those estimates.
- G.    Restricted and Unrestricted Revenue:**    Revenues that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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.
- H.    Cash and Cash Equivalents:**    For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- I.    Property and Equipment:**    The Organization capitalizes all expenditures for property and equipment in excess of or equal to \$500. Depreciation is computed using the straight-line method over the useful life of the depreciable property, which is 7 years for furniture and 5 years for equipment.

**NOTE 2:**      **Concentration of Credit Risk**

The Organization maintains all of its cash balances at several banks and a brokerage house. At year end, the Organization's carrying amount of deposits was \$1,504,496 (excluding petty cash) and the bank balance was \$1,492,173. Of the bank balance, \$430,739 was covered by the Federal Depository Insurance Corporation. The remaining balance of \$1,061,434 was neither insured nor guaranteed by the Federal Depository Insurance Corporation or any other government agency.

**NOTE 3:**      **Pledges Receivable**

As of December 31, 2015 the organization had unconditional promises to give in the amount of \$41,076. This entire amount is expected to be collected within one year.

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**NEW YORK PHILATELIC EXHIBITION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 4:**      **Property, Equipment and Depreciation**

Depreciation of capital assets is calculated on the straight-line basis over the estimated useful lives of the assets. The cost of such assets as of December 31, 2015 is as follows:

Display Frames	\$ 200,000
Equipment	<u>15,925</u>
	215,925
Less accumulated depreciation	<u>3,544</u>
Property and equipment net of accumulated depreciation	\$ <u><u>212,381</u></u>

**NOTE 5:**      **Subsequent Events**

In accordance with generally accepted accounting principles (ASC Topic 855), subsequent events have been evaluated through November 2, 2016 which is the date the financial statements were available to be issued.

The Organization hosted its International Philatelic Exhibition at the Jacob K. Javits Convention Center from May 28, 2016 through June 4, 2016. Subsequent to this event the New York Philatelic Exhibition, Inc. has begun to wind down its operations and will begin the liquidation of its remaining assets.