

**NYSARC TRUSTS**

**Combining Financial Statements as of  
December 31, 2019  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

September 8, 2020

To the Trustees of  
NYSARC Trusts:

### **Report on the Financial Statements**

We have audited the accompanying combining financial statements of NYSARC Trusts, which comprise the combining statement of financial position as of December 31, 2019 and the related combining statements of trust activities and change in trust balances and cash flows for the year then ended, and the related notes to the combining financial statements.

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

Management is responsible for the preparation and fair presentation of these combining 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 combining 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 combining 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 combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining 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 combining 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 combining 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 combining financial statements referred to above present fairly, in all material respects, the individual and combined financial position of NYSARC Trusts as of December 31, 2019, and their trust activities and change in trust balances and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Report on Summarized Comparative Information**

We have previously audited NYSARC Trusts' 2018 combining financial statements and, in our report dated July 25, 2019, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited combining financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combining financial statements as a whole. The 2019 supplementary information included in Exhibits I through VI is presented for purposes of additional analysis of the combining financial statements rather than to present the financial position, changes in trust balances and cash flows of the individual trusts, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combining financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combining financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining financial statements or to the combining financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 combining information is fairly stated in all material respects in relation to the combining financial statements as a whole.

The 2018 supplementary information included in Exhibits I through VI is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 combining financial statements. The information has been subjected to the auditing procedures applied in the audit of those combining financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining financial statements or to the combining financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 supplementary information is fairly stated in all material respects in relation to the combining financial statements from which it has been derived.

## NYSARC TRUSTS

### COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

(With Comparative Totals for 2018)

	NYSARC Trust	Community Trusts	Third Party Agency Trust	Individual Trusts	Eliminations	Total All Trusts	
						2019	2018
<b>ASSETS</b>							
Cash and cash equivalents	\$ 179,965	\$ 26,813,082	\$ 119,981	\$ 148,341	\$ -	\$ 27,261,369	\$ 26,585,766
Interest and investment income receivable	16,614	99,373	5,551	6,507	-	128,045	20,509
Investments	7,574,228	44,405,867	2,753,052	2,935,074	-	57,668,221	48,892,940
Due from NYSARC, Inc.	-	12,886	-	-	-	12,886	6,439
Due from other trusts	-	20,828	-	-	(20,828)	-	-
Prepaid income taxes	-	33,569	-	17,781	-	51,350	50,109
Total assets	<u>7,770,807</u>	<u>71,385,605</u>	<u>2,878,584</u>	<u>3,107,703</u>	<u>(20,828)</u>	<u>85,121,871</u>	<u>75,555,763</u>
<b>LIABILITIES</b>							
Accrued income taxes	25,114	87,141	14,065	-	-	126,320	1,062,247
Due to NYSARC, Inc.	-	10,187	-	-	-	10,187	4,443
Due to other trusts	-	-	20,828	-	(20,828)	-	-
Due to beneficiaries	<u>7,008,034</u>	<u>68,028,259</u>	<u>2,843,691</u>	<u>3,107,703</u>	<u>-</u>	<u>80,987,687</u>	<u>70,084,630</u>
Total liabilities	<u>7,033,148</u>	<u>68,125,587</u>	<u>2,878,584</u>	<u>3,107,703</u>	<u>(20,828)</u>	<u>81,124,194</u>	<u>71,151,320</u>
<b>TRUST BALANCES</b>	<u>\$ 737,659</u>	<u>\$ 3,260,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,997,677</u>	<u>\$ 4,404,443</u>

The accompanying notes are an integral part of these statements.

## NYSARC TRUSTS

### COMBINING STATEMENT OF TRUST ACTIVITIES AND CHANGE IN TRUST BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2019

(With Comparative Totals for 2018)

	NYSARC Trust	Community Trusts	Third Party Agency Trust	Individual Trusts	Total All Trusts	
					2019	2018
ADDITIONS:						
Contributions and bequests	\$ 158,747	\$ 63,705,821	\$ 511,785	\$ 16,280	\$ 64,392,633	\$ 64,803,132
Interest and dividends	192,598	1,648,846	63,996	77,402	1,982,842	1,730,335
Net realized gain on investments	120,243	584,030	145,884	106,917	957,074	3,729,922
Net unrealized gain (loss) on investments	<u>851,275</u>	<u>5,544,561</u>	<u>233,146</u>	<u>299,215</u>	<u>6,928,197</u>	<u>(8,252,837)</u>
Total additions	<u>1,322,863</u>	<u>71,483,258</u>	<u>954,811</u>	<u>499,814</u>	<u>74,260,746</u>	<u>62,010,552</u>
DEDUCTIONS:						
Allocations to beneficiaries -						
Distributions for beneficiaries	1,500	-	-	-	1,500	2,440
In-kind distributions for beneficiaries	145,915	53,622,548	176,779	258,304	54,203,546	55,639,041
Management and general -						
Bank fees and administration	68,636	5,762,245	78,814	74,061	5,983,756	5,988,613
Audit and tax preparation services	1,900	319,863	2,450	11,709	335,922	357,043
Guardianship and recreation grants	-	2,868,577	-	-	2,868,577	2,947,068
Other grants and expenses	2,186	178,501	-	-	180,687	184,974
Income taxes	<u>63,121</u>	<u>87,141</u>	<u>34,893</u>	<u>5,312</u>	<u>190,467</u>	<u>1,074,018</u>
Total deductions	<u>283,258</u>	<u>62,838,875</u>	<u>292,936</u>	<u>349,386</u>	<u>63,764,455</u>	<u>66,193,197</u>
EXCESS OF ADDITIONS OVER DEDUCTIONS BEFORE CHANGES IN DUE TO BENEFICIARIES	1,039,605	8,644,383	661,875	150,428	10,496,291	(4,182,645)
CHANGES IN DUE TO BENEFICIARIES	<u>(917,814)</u>	<u>(9,172,940)</u>	<u>(661,875)</u>	<u>(150,428)</u>	<u>(10,903,057)</u>	<u>3,693,485</u>
EXCESS (DEFICIT) OF ADDITIONS OVER DEDUCTIONS	121,791	(528,557)	-	-	(406,766)	(489,160)
TRUST BALANCES - beginning of year	<u>615,868</u>	<u>3,788,575</u>	<u>-</u>	<u>-</u>	<u>4,404,443</u>	<u>4,893,603</u>
TRUST BALANCES - end of year	<u>\$ 737,659</u>	<u>\$ 3,260,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,997,677</u>	<u>\$ 4,404,443</u>

The accompanying notes are an integral part of these statements.

## NYSARC TRUSTS

### COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Totals for 2018)

	NYSARC Trust	Community Trusts	Third Party Agency Trust	Individual Trusts	Total All Trusts	
					2019	2018
CASH FLOW FROM OPERATING ACTIVITIES (TRUST ACTIVITIES):						
Excess (deficit) of additions over deductions	\$ 121,791	\$ (528,557)	\$ -	\$ -	\$ (406,766)	\$ (489,160)
Adjustments to reconcile excess (deficit) to net cash used in trust transactions:						
Net realized and unrealized gain (loss) on investments	(971,518)	(6,128,591)	(379,030)	(406,132)	(7,885,271)	4,522,915
Changes in:						
Interest and investment income receivable	(16,123)	(81,192)	(4,529)	(5,692)	(107,536)	(5,430)
Investments	29,463	(899,653)	(266,275)	246,455	(890,010)	(634,364)
Prepaid income taxes	-	-	-	(1,241)	(1,241)	(32,564)
Accrued income taxes	(125,068)	(788,845)	(7,153)	(14,861)	(935,927)	416,420
Due to/from NYSARC, Inc.	-	(703)	-	-	(703)	(9,117)
Due to/from other trusts and funds		(20,828)	20,828	-	-	-
Due to beneficiaries	917,814	9,172,940	661,875	150,428	10,903,057	(3,658,740)
Net cash used in trust activities	(43,641)	724,571	25,716	(31,043)	675,603	109,960
DECREASE IN CASH AND CASH EQUIVALENTS	(43,641)	724,571	25,716	(31,043)	675,603	109,960
CASH AND CASH EQUIVALENTS - beginning of year	223,606	26,088,511	94,265	179,384	26,585,766	26,475,806
CASH AND CASH EQUIVALENTS - end of year	\$ 179,965	\$ 26,813,082	\$ 119,981	\$ 148,341	\$ 27,261,369	\$ 26,585,766
CASH PAID FOR INCOME TAXES	\$ 188,090	\$ 875,986	\$ -	\$ -	\$ 1,064,076	\$ 650,563

The accompanying notes are an integral part of these statements.

## **NYSARC TRUSTS**

### **NOTES TO COMBINING FINANCIAL STATEMENTS DECEMBER 31, 2019**

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#### **1. THE ORGANIZATION**

The NYSARC Trusts consist of four supplemental needs trust programs. The trusts are administered by NYSARC, Inc. (NYSARC), a New York not-for-profit corporation serving the needs of individuals with intellectual and other developmental disabilities and their families in New York State, with oversight provided by a Board of Trustees/Management Board. The trusts collectively referred to as the NYSARC Trusts are as follows:

##### **The NYSARC Trust**

The NYSARC Trust was established in response to the growing need and concern expressed by parents and others for safeguarding the personal well-being and financial future of individuals residing in New York State who are intellectually or otherwise developmentally disabled. The NYSARC Trust consists of the Unrestricted Fund, the Exempt Fund, and the Pooled Income Fund as follows:

- **Unrestricted Fund**

The Unrestricted Fund was formed to receive gifts and bequests for the benefit of designated beneficiaries who are developmentally disabled. The income and principal may be paid to the guardian or payee of each beneficiary to pay for the beneficiary's incidental costs, such as rent, clothing and medical expenses, as specified in each beneficiary's trust agreement. Upon the death of the beneficiary, \$10,000 of the principal (or the beneficiary's balance, if under \$10,000), increased to \$25,000 for funds established after February 2002, is paid to the Exempt Fund and any excess principal is distributed in accordance with the terms designated in the donor's gift or will.

- **Exempt Fund**

The Exempt Fund was formed to provide funding for the administration of the Unrestricted and Pooled Income funds and NYSARC's guardianship program, which allows NYSARC to act as a legal guardian for persons who are developmentally disabled. The Exempt Fund is currently funded through the provisions of the Unrestricted Fund, direct donations and income earned thereon.

- **Pooled Income Fund**

The Pooled Income Fund was formed for the purpose of permitting donors to make contributions or bequests to this fund in which the income earned thereon is used by named developmentally disabled beneficiaries until their deaths, at which time the principal reverts to NYSARC to be used at its discretion.

##### **Community Trusts**

The Community Trusts I, II, and III are self-settled supplemental needs trusts created pursuant to the federal and state laws under the Omnibus Budget Reconciliation Act of 1993 (OBRA '93). They were formed for the purpose of permitting disabled individuals as defined in Social Security Law Section 1614 (a)(3) [42USC1382c(a)(3)], to make contributions of their own income and resources in order to qualify for government benefits. The income and principal of these trusts is used to meet supplemental needs of the account beneficiaries. The funds are pooled for investment purposes and tracked as individual sub-trust accounts. The co-trustees of these trusts are NYSARC, Inc. and Key Private Bank, N.A.

## **1. THE ORGANIZATION (Continued)**

### **Community Trusts (Continued)**

In Community Trust I and II, upon the death of the beneficiary, the individual sub-trust account terminates and any remaining balance remains with the respective trust to further its express purpose.

In Community Trust III, upon the death of the beneficiary, the Medicaid lien is determined. If the lien is less than the balance in the beneficiary account, the lien is paid. Of the remaining funds after the lien has been paid, 25% stays with the trust to further its express purpose, and the remaining 75% goes to a subsequent beneficiary named in the Joinder Agreement at the time the account was established. If at the time of the beneficiary's death, the Medicaid lien exceeds the balance in the beneficiary sub-trust account, the full balance remains with the trust to further its express purpose.

Community Trust I is generally used for individuals depositing lump-sum cash assets of less than \$250,000. Community Trust II is generally used for individuals depositing monthly income. Community Trust III was established for individuals depositing lump sum cash assets of \$250,000 or more. Individuals complete an application for the respective trust based on their needs.

### **Third Party Agency Trust**

The Third-Party Agency Trust (TPAT) is a third party trust that was funded by a State agency on behalf of disabled individuals. TPAT is not open to the public. Upon the death of the beneficiary, remaining funds in the beneficiary's account are paid to the State of New York and applied to any outstanding liens for services paid for by the State.

### **Individual Trusts**

NYSARC Trust Services administers individual first and third party supplemental needs trusts. An individual trustee is in place for each account. NYSARC Trust Services has been appointed by the Trustee to act as administrator of the accounts. The trustee is acting in their capacity as a NYSARC executive. At December 31, 2019, there were eight first-party and nine third-party accounts being administered.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Principles of Combination**

The combining financial statements include the accounts of the NYSARC Trusts. Significant inter-trust account transactions and balances have been eliminated in the combining financial statements.

### **Basis of Accounting**

The financial statements of the NYSARC Trusts have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Comparative Information**

The combining financial statements include certain prior year summarized information for comparison purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the combining financial statements for the year ended December 31, 2018, from which the information was derived.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Financial Reporting**

At December 31, 2019 and 2018, the trust balances of the NYSARC Trusts were all unrestricted.

### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly, are considered level 2 measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodology used by the NYSARC Trusts is discussed in note 4.

### **Cash and Cash Equivalents**

Cash and cash equivalents consists of demand deposit accounts, money market funds, and all highly liquid investments with remaining maturity of three months or less when purchased which, at times, may exceed federally insured limits. NYSARC Trusts have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk with respect to cash and cash equivalents.

### **Investments**

Investments are recorded at fair market value based on quoted market prices. The NYSARC Trusts invest in various types of investments including equity securities, U.S and Foreign note and bond obligations and various mutual funds. These investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount reported in the accompanying combining financial statements.

### **Contributions and Bequests**

Contributions and bequests consist of additions to the NYSARC Trusts by or on behalf of a beneficiary and are recorded when received.

### **In-Kind Distributions for Beneficiaries**

In-Kind distributions consist of payments to or on behalf of a beneficiary and are recorded when paid.

### **Tax Status**

The Exempt Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Unrestricted Fund, Pooled Income Fund, the Community Trusts I and II, and TPAT are complex trusts that are taxed on undistributed earnings. The Community Trust III is a grantor trust with income reported and taxed at the individual level whether distributed or not. Each fund of the NYSARC Trust, Community Trusts, and TPAT must file its own tax returns with the Internal Revenue Service and New York State Department of Taxation and Finance.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the current year presentation.

## 3. RELATED PARTY AND INTER-TRUST TRANSACTIONS

Income taxes paid by the Exempt Fund on behalf of beneficiaries in the Unrestricted Fund totaled \$188,090 in 2019 and \$80,635 in 2018. Income taxes paid by the Community Trust I Fund on behalf of beneficiaries totaled \$875,986 in 2019 and \$569,928 in 2018.

In 2019 and 2018, \$486,245 and \$567,195, respectively, was transferred to the Community Trust I Remainder Account from Community Trust I deceased beneficiary sub-trust accounts.

In 2019 and 2018, \$1,891,274 and \$2,099,726, respectively, was transferred to the Community Trust II Remainder Account from Community Trust II deceased beneficiary sub-trust accounts.

In 2019 and 2018, \$5,000 and \$43,608 was transferred to the Exempt Fund from the Unrestricted Fund.

In 2019 and 2018, \$5,735,408 and \$5,763,135, respectively, was paid to NYSARC, Inc. for administrative services and management of the NYSARC Trusts.

## 4. FAIR VALUE MEASUREMENTS

The following sets forth by level, within the fair value hierarchy, the NYSARC Trusts' assets at fair value measured on a recurring basis at December 31, 2019 and 2018:

	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	<u>Total</u>
December 31, 2019				
Mutual Funds - equities	\$25,952,796	\$ -	\$ -	\$25,952,796
Mutual Funds - fixed income	18,749,609	-	-	18,749,609
Equities	9,976,189	-	-	9,976,189
Mutual Funds - alternative	2,753,235	-	-	2,753,235
Corporate bonds	-	65,777	-	65,777
Life insurance	-	5,170	-	5,170
U.S. Government Securities	-	34,577	-	34,577
U.S. Treasury notes	<u>130,868</u>	<u>-</u>	<u>-</u>	<u>130,868</u>
	<u>\$57,562,697</u>	<u>\$ 105,524</u>	<u>\$ -</u>	<u>\$57,668,221</u>

#### 4. FAIR VALUE MEASUREMENTS (Continued)

	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	<u>Total</u>
December 31, 2018				
Mutual Funds - equities	\$20,869,269	\$ -	\$ -	\$20,869,269
Mutual Funds - fixed income	15,222,258	-	-	15,222,258
Equities	9,643,529	-	-	9,643,529
Mutual Funds - alternative	2,802,874	-	-	2,802,874
Corporate bonds	-	166,869	-	166,869
Life insurance	-	5,170	-	5,170
U.S. Government Securities	-	51,351	-	51,351
U.S. Treasury notes	<u>131,620</u>	<u>-</u>	<u>-</u>	<u>131,620</u>
	<u>\$48,669,550</u>	<u>\$ 223,390</u>	<u>\$ -</u>	<u>\$48,892,940</u>

Level 2 investments include various U.S. Government securities, corporate bonds, foreign obligations, and two life insurance policies that do not have quoted market prices; therefore, they are valued using quoted prices of similar securities with similar characteristics.

Investments are measured and valued on a recurring basis. There were no changes to the valuation techniques during 2019 or 2018.

#### 5. INVESTMENTS

Investments consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
<b><u>Unrestricted Fund</u></b>		
Mutual Funds - equities	\$ 2,873,824	\$ 2,422,751
Mutual Funds - fixed income	2,571,187	2,225,469
Equities	1,101,901	1,052,091
Mutual Funds - alternative	<u>342,000</u>	<u>334,533</u>
	<u>\$ 6,888,912</u>	<u>\$ 6,034,844</u>
<b><u>Exempt Fund</u></b>		
Mutual Funds - equities	\$ 273,528	\$ 226,492
Mutual Funds - fixed income	194,505	160,468
Equities	102,598	102,272
Mutual Funds - alternative	<u>30,369</u>	<u>29,241</u>
	<u>\$ 601,000</u>	<u>\$ 518,473</u>

## 5. INVESTMENTS (Continued)

	<u>2019</u>	<u>2018</u>
<b><u>Pooled Income Fund</u></b>		
Mutual Funds - fixed income	\$ 79,993	\$ 74,946
Mutual Funds - alternative	4,323	3,910
	<u>\$ 84,316</u>	<u>\$ 78,856</u>
<b>TOTAL NYSARC TRUSTS</b>	<b><u>\$ 7,574,228</u></b>	<b><u>\$ 6,632,173</u></b>
<b><u>Community Trust I</u></b>		
Mutual Funds - equities	\$ 19,421,574	\$ 15,421,873
Mutual Funds - fixed income	13,312,211	10,637,267
Equities	7,483,068	7,204,447
Mutual Funds - alternative	2,004,508	2,068,192
Corporate bonds	50,574	146,972
U.S. Government Securities	34,577	51,351
U.S. Treasury Notes	130,868	131,620
Non-U.S. corporate bonds	15,203	19,897
	<u>\$ 42,452,583</u>	<u>\$ 35,681,619</u>
<b><u>Community Trust III</u></b>		
Mutual Funds - equities	\$ 891,754	\$ 735,805
Mutual Funds - fixed income	616,843	514,813
Equities	344,096	342,463
Mutual Funds - alternative	95,421	97,753
Life insurance	5,170	5,170
	<u>\$ 1,953,284</u>	<u>\$ 1,696,004</u>
<b>TOTAL COMMUNITY TRUSTS</b>	<b><u>\$ 44,405,867</u></b>	<b><u>\$ 37,377,623</u></b>
<b><u>Third Party Trust</u></b>		
Mutual Funds - equities	\$ 1,254,408	\$ 921,348
Mutual Funds - fixed income	886,519	633,988
Equities	476,816	435,150
Mutual Funds - alternative	135,309	117,261
	<u>\$ 2,753,052</u>	<u>\$ 2,107,747</u>
<b><u>Individual Trusts</u></b>		
Mutual Funds - equities	\$ 1,237,708	\$ 1,141,000
Mutual Funds - fixed income	1,088,351	975,307
Equities	467,710	507,106
Mutual Funds - alternative	141,305	151,984
	<u>\$ 2,935,074</u>	<u>\$ 2,775,397</u>
<b>Total Investments</b>	<b><u>\$ 57,668,221</u></b>	<b><u>\$ 48,892,940</u></b>

## **6. GRANTS**

In 2008, the Community Trusts' management board implemented a grant program to help support the cost incurred by the Chapters in operating the unfunded Guardianship programs. In 2019 and 2018, the management board voted to award and distribute \$2,163,577 and \$2,057,068, respectively, from the Remainder Funds. In both 2019 and 2018, the management board voted to award and distribute \$150,000 grant to support NYSARC, Inc. State Office.

In 2010, the Community Trusts' management board implemented a grant program to help support the costs incurred by the Chapters in operating unfunded recreation programs. In 2019 and 2018, the Board voted to award and distribute \$705,000 and \$740,000, respectively, from the Remainder Funds.

## **7. CONTINGENCIES**

NYSARC also serves as a third-party administrator for The Eddy Community Trust that was established by a not-for-profit organization in Albany, New York for the benefit of the people in which they serve. NYSARC collects a monthly fee for services provided, but is not entitled to Remainder Funds upon the death of a beneficiary. The assets and activity in this trust are not included in these financial statements.

## **8. SUBSEQUENT EVENTS**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the NYSARC Trusts and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through September 8, 2020, which is the date the combining financial statements were available to be issued.

**NYSARC TRUSTS**

Exhibit I

**NYSARC TRUST COMBINING STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

(With Comparative Totals for 2018)

	Unrestricted Fund	Exempt Fund	Pooled Income Fund	Eliminations	Total NYSARC Trust	
					2019	2018
<b>ASSETS</b>						
Cash and cash equivalents	\$ 159,308	\$ 17,124	\$ 3,533	\$ -	\$ 179,965	\$ 223,606
Interest and investment income receivable	15,030	1,197	387	-	16,614	491
Investments	6,888,912	601,000	84,316	-	7,574,228	6,632,173
Due from other trusts	-	37,908	-	(37,908)	-	-
Total assets	<u>7,063,250</u>	<u>657,229</u>	<u>88,236</u>	<u>(37,908)</u>	<u>7,770,807</u>	<u>6,856,270</u>
<b>LIABILITIES</b>						
Accrued income taxes	25,114	-	-	-	25,114	150,182
Due to other trusts	37,908	-	-	(37,908)	-	-
Due to beneficiaries	<u>7,000,228</u>	<u>-</u>	<u>7,806</u>	<u>-</u>	<u>7,008,034</u>	<u>6,090,220</u>
Total liabilities	<u>7,063,250</u>	<u>-</u>	<u>7,806</u>	<u>(37,908)</u>	<u>7,033,148</u>	<u>6,240,402</u>
<b>TRUST BALANCES</b>	<u>\$ -</u>	<u>\$ 657,229</u>	<u>\$ 80,430</u>	<u>\$ -</u>	<u>\$ 737,659</u>	<u>\$ 615,868</u>

The accompanying notes are an integral part of these exhibits.

**NYSARC TRUSTS**

Exhibit II

**COMMUNITY TRUSTS COMBINING STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

(With Comparative Totals for 2018)

	Community Trust I	Community Trust II	Community Trust III	Total Community Trusts	
				2019	2018
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,135,610	\$ 23,608,463	\$ 69,009	\$ 26,813,082	\$ 26,088,511
Interest and investment income receivable	86,682	8,796	3,895	99,373	18,181
Investments	42,452,583	-	1,953,284	44,405,867	37,377,623
Due from NYSARC, Inc.	12,886	-	-	12,886	6,439
Due from other trusts	20,828	-	-	20,828	-
Prepaid income taxes	33,569	-	-	33,569	33,569
Total assets	<u>45,742,158</u>	<u>23,617,259</u>	<u>2,026,188</u>	<u>71,385,605</u>	<u>63,524,323</u>
<b>LIABILITIES</b>					
Accrued income taxes	87,141	-	-	87,141	875,986
Due to NYSARC, Inc.	10,187	-	-	10,187	4,443
Due to beneficiaries	43,938,706	22,063,365	2,026,188	68,028,259	58,855,319
Total liabilities	<u>44,036,034</u>	<u>22,063,365</u>	<u>2,026,188</u>	<u>68,125,587</u>	<u>59,735,748</u>
<b>TRUST BALANCES</b>	<u>\$ 1,706,124</u>	<u>\$ 1,553,894</u>	<u>\$ -</u>	<u>\$ 3,260,018</u>	<u>\$ 3,788,575</u>

The accompanying notes are an integral part of these exhibits.

**NYSARC TRUSTS**

Exhibit III

**NYSARC TRUST COMBINING STATEMENT OF TRUST ACTIVITIES AND CHANGE IN TRUST BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With Comparative Totals for 2018)

	Unrestricted Fund	Exempt Fund	Pooled Income Fund	Eliminations	Total NYSARC Trust	
					2019	2018
<b>ADDITIONS:</b>						
Contributions and bequests	\$ 115,651	\$ 43,096	\$ -	\$ -	\$ 158,747	\$ 107,184
Transfer of deceased funds	-	5,000	-	(5,000)	-	-
Interest and dividends	176,070	13,087	3,441	-	192,598	169,692
Net realized gain (loss) on investments	124,694	(4,772)	321	-	120,243	470,324
Net unrealized gain (loss) on investments	767,126	81,554	2,595	-	851,275	(1,099,938)
<b>Total additions</b>	<b>1,183,541</b>	<b>137,965</b>	<b>6,357</b>	<b>(5,000)</b>	<b>1,322,863</b>	<b>(352,738)</b>
<b>DEDUCTIONS:</b>						
Allocations to beneficiaries -						
Distributions for beneficiaries	1,500	-	-	-	1,500	2,440
In-kind distributions for beneficiaries	145,915	-	-	-	145,915	272,453
Transfer of deceased funds	5,000	-	-	(5,000)	-	-
Management and general -						
Bank fees and administration	51,086	16,905	645	-	68,636	70,040
Other grants and expenses	-	2,186	-	-	2,186	4,685
Audit and tax preparation services	1,375	-	525	-	1,900	2,025
Income taxes	63,023	-	98	-	63,121	161,114
<b>Total deductions</b>	<b>267,899</b>	<b>19,091</b>	<b>1,268</b>	<b>(5,000)</b>	<b>283,258</b>	<b>512,757</b>
<b>EXCESS OF ADDITIONS OVER DEDUCTIONS BEFORE CHANGES IN DUE TO BENEFICIARIES</b>	<b>915,642</b>	<b>118,874</b>	<b>5,089</b>	<b>-</b>	<b>1,039,605</b>	<b>(865,495)</b>
<b>CHANGES IN DUE TO BENEFICIARIES</b>	<b>(915,642)</b>	<b>-</b>	<b>(2,172)</b>	<b>-</b>	<b>(917,814)</b>	<b>903,796</b>
<b>EXCESS OF ADDITIONS OVER DEDUCTIONS</b>	<b>-</b>	<b>118,874</b>	<b>2,917</b>	<b>-</b>	<b>121,791</b>	<b>38,301</b>
<b>TRUST BALANCES - beginning of year</b>	<b>-</b>	<b>538,355</b>	<b>77,513</b>	<b>-</b>	<b>615,868</b>	<b>577,567</b>
<b>TRUST BALANCES - end of year</b>	<b>\$ -</b>	<b>\$ 657,229</b>	<b>\$ 80,430</b>	<b>\$ -</b>	<b>\$ 737,659</b>	<b>\$ 615,868</b>

The accompanying notes are an integral part of these exhibits.



**NYSARC TRUSTS**

Exhibit IV

**COMMUNITY TRUSTS COMBINING STATEMENT OF TRUST ACTIVITIES AND CHANGE IN TRUST BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With Comparative Totals for 2018)

	Community <u>Trust I</u>	Community <u>Trust II</u>	Community <u>Trust III</u>	<u>Total Community Trusts</u>	
				<u>2019</u>	<u>2018</u>
<b>ADDITIONS:</b>					
Contributions and bequests	\$ 8,464,575	\$ 54,868,748	\$ 372,498	\$ 63,705,821	\$ 64,114,986
Interest and dividends	1,041,634	557,856	49,356	1,648,846	1,429,043
Net realized gain on investments	540,952	-	43,078	584,030	2,935,466
Net unrealized gain (loss) on investments	<u>5,310,431</u>	<u>3,717</u>	<u>230,413</u>	<u>5,544,561</u>	<u>(6,394,995)</u>
Total additions	<u>15,357,592</u>	<u>55,430,321</u>	<u>695,345</u>	<u>71,483,258</u>	<u>62,084,500</u>
<b>DEDUCTIONS:</b>					
Allocations to beneficiaries -					
In-kind distributions for beneficiaries	5,780,129	47,413,846	428,573	53,622,548	54,659,573
Management and general -					
Bank fees and administration	1,039,293	4,694,628	28,324	5,762,245	5,761,545
Guardianship and recreation grants	649,395	2,219,182	-	2,868,577	2,947,068
Other grants and expenses	77,321	101,180	-	178,501	180,289
Audit and tax preparation services	34,350	280,715	4,798	319,863	338,518
Income taxes	<u>87,141</u>	<u>-</u>	<u>-</u>	<u>87,141</u>	<u>875,986</u>
Total deductions	<u>7,667,629</u>	<u>54,709,551</u>	<u>461,695</u>	<u>62,838,875</u>	<u>64,762,979</u>
EXCESS (DEFICIT) OF ADDITIONS OVER DEDUCTIONS BEFORE CHANGES IN DUE TO BENEFICIARIES	7,689,963	720,770	233,650	8,644,383	(2,678,479)
CHANGES IN DUE TO BENEFICIARIES	<u>(7,812,577)</u>	<u>(1,126,713)</u>	<u>(233,650)</u>	<u>(9,172,940)</u>	<u>2,151,018</u>
DEFICIT OF ADDITIONS OVER DEDUCTIONS	(122,614)	(405,943)	-	(528,557)	(527,461)
TRUST BALANCES - beginning of year	<u>1,828,738</u>	<u>1,959,837</u>	<u>-</u>	<u>3,788,575</u>	<u>4,316,036</u>
TRUST BALANCES - end of year	<u>\$ 1,706,124</u>	<u>\$ 1,553,894</u>	<u>\$ -</u>	<u>\$ 3,260,018</u>	<u>\$ 3,788,575</u>

The accompanying notes are an integral part of these exhibits.

**NYSARC TRUSTS**

Exhibit V

**NYSARC TRUST COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With Comparative Totals for 2018)

	Unrestricted Fund	Exempt Fund	Pooled Income Fund	Total NYSARC Trust	
				2019	2018
<b>CASH FLOW FROM OPERATING ACTIVITIES (TRUST ACTIVITIES):</b>					
Excess of additions over deductions	\$ -	\$ 118,874	\$ 2,917	\$ 121,791	\$ 38,301
Adjustments to reconcile deficit to net cash provided by (used in) trust transactions:					
Net realized and unrealized gain on investments	(891,820)	(76,782)	(2,916)	(971,518)	629,614
Changes in:					
Interest and investment income receivable	(14,568)	(1,176)	(379)	(16,123)	311
Investments	37,752	(5,745)	(2,544)	29,463	(392,548)
Accrued income taxes	(125,068)	-	-	(125,068)	80,479
Due to/from other trusts and funds	26,976	(26,976)	-	-	-
Due to beneficiaries	915,642	-	2,172	917,814	(903,796)
Net cash provided (used) by trust activities	(51,086)	8,195	(750)	(43,641)	(547,639)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(51,086)	8,195	(750)	(43,641)	(547,639)
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	210,394	8,929	4,283	223,606	771,245
<b>CASH AND CASH EQUIVALENTS - end of year</b>	\$ 159,308	\$ 17,124	\$ 3,533	\$ 179,965	\$ 223,606
<b>CASH PAID FOR INCOME TAXES</b>	\$ -	\$ 188,090	\$ -	\$ 188,090	\$ 80,635

The accompanying notes are an integral part of these exhibits.

**NYSARC TRUSTS**

Exhibit VI

**COMMUNITY TRUSTS COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
 (With Comparative Totals for 2018)

	Community <u>Trust I</u>	Community <u>Trust II</u>	Community <u>Trust III</u>	<u>Total Community Trusts</u>	
				<u>2019</u>	<u>2018</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES (TRUST ACTIVITIES):</b>					
Deficit of additions over deductions	\$ (122,614)	\$ (405,943)	\$ -	\$ (528,557)	\$ (527,461)
Adjustments to reconcile excess to net cash provided by (used in) trust transactions:					
Net realized and unrealized gain on investments	(5,851,383)	(3,717)	(273,491)	(6,128,591)	3,459,529
Changes in:					
Interest and investment income receivable	(79,582)	1,973	(3,583)	(81,192)	(6,794)
Investments	(919,581)	3,717	16,211	(899,653)	(469,118)
Prepaid/accrued income taxes	(788,845)	-	-	(788,845)	306,058
Due to/from NYSARC, Inc.	(703)	-	-	(703)	(9,117)
Due to/from other trusts and funds	(20,828)	-	-	(20,828)	-
Due to beneficiaries	<u>7,812,577</u>	<u>1,126,713</u>	<u>233,650</u>	<u>9,172,940</u>	<u>(2,116,276)</u>
Net cash provided (used) by trust activities	<u>29,041</u>	<u>722,743</u>	<u>(27,213)</u>	<u>724,571</u>	<u>636,821</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>29,041</u>	<u>722,743</u>	<u>(27,213)</u>	<u>724,571</u>	<u>636,821</u>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>3,106,569</u>	<u>22,885,720</u>	<u>96,222</u>	<u>26,088,511</u>	<u>25,451,690</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u>\$ 3,135,610</u>	<u>\$ 23,608,463</u>	<u>\$ 69,009</u>	<u>\$ 26,813,082</u>	<u>\$ 26,088,511</u>
<b>CASH PAID FOR INCOME TAXES</b>	<u>\$ 875,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,986</u>	<u>\$ 569,928</u>

The accompanying notes are an integral part of these exhibits.