

New Yorkers For Children, Inc.

Financial Report
December 31, 2018

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RSM US LLP

Independent Auditor's Report

Board of Directors
New Yorkers For Children, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Yorkers For Children, Inc., which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 New Yorkers For Children, Inc. as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note 2, New Yorkers For Children, Inc. adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended December 31, 2018. The adoption of the standard resulted in additional footnote disclosures and changes to the classification of net assets and disclosures relating to net assets. Our opinion is not modified with respect to this matter.

RSM US LLP

New York, New York
June 18, 2019

New Yorkers For Children, Inc.

**Statement of Financial Position
December 31, 2018**

Assets

Cash and cash equivalents	\$ 2,582,336
Contributions receivable	2,781,025
Investments	1,870,849
Prepaid expenses and other current assets	139,486
Property and equipment, net of accumulated depreciation	34,196
Restricted investments	850,950
Security deposit	29,655
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Total assets	\$ 8,288,497

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 333,138
Refundable advance	84,748
Grants payable	8,776
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Total liabilities

426,662

Commitments

Net assets:

Without donor restrictions	2,254,677
With donor restrictions	
Purpose and time restrictions	4,756,208
Perpetual in nature	850,950
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	5,607,158

Total net assets

7,861,835

Total liabilities and net assets

\$ 8,288,497

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Activities
Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Individual contributions	\$ 86,388	\$ 3,582	\$ 89,970
Foundation and business organization contributions	92,097	3,073,318	3,165,415
Government grant	124,186	-	124,186
Donated materials and services	257,971	-	257,971
Gross special events revenue	1,226,166	36,450	1,262,616
Less direct benefits to donors	(309,587)	-	(309,587)
Net revenue from special events	916,579	36,450	953,029
Net investment loss	(2,046)	(61,037)	(63,083)
Other Income	533	-	533
Net assets released from restrictions	2,067,164	(2,067,164)	-
Total support and revenue	3,542,872	985,149	4,528,021
Expenses:			
Program services	2,695,414	-	2,695,414
Management and general	513,184	-	513,184
Fundraising	409,936	-	409,936
Total expenses	3,618,534	-	3,618,534
Change in net assets	(75,662)	985,149	909,487
Net assets, beginning of year	2,330,339	4,622,009	6,952,348
Net assets, end of year	\$ 2,254,677	\$ 5,607,158	\$ 7,861,835

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2018**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 286,969	\$ 248,722	\$ 71,065	\$ 606,756
Payroll taxes and employee benefits	81,572	53,261	15,216	150,049
Back to school packages	195,083	-	-	195,083
Depreciation	2,828	1,360	389	4,577
Indirect event expenses	-	-	41,278	41,278
Insurance	-	8,083	-	8,083
Miscellaneous expenses	15,790	2,123	-	17,913
Occupancy	75,786	65,676	18,762	160,224
Office expenses	11,103	19,425	4,576	35,104
Printing and postage	1,905	1,563	5,212	8,680
Professional fees	29,412	69,318	238,138	336,868
Program events	15,131	-	-	15,131
Program service consultants	1,390,086	-	-	1,390,086
Program stipends	190,302	-	-	190,302
Program supplies	73,723	-	-	73,723
Program transportation	6,175	-	-	6,175
Program tuition and tutoring	76,190	-	-	76,190
Scholarships	33,500	-	-	33,500
Travel	-	684	157	841
In-kind services and materials	199,859	42,969	15,143	257,971
Bad Debt Expense	10,000	-	-	10,000
Total expenses before direct benefits to donors	2,695,414	513,184	409,936	3,618,534
Cost of direct benefits to donors	-	-	309,587	309,587
Total 2018 expenses	\$ 2,695,414	\$ 513,184	\$ 719,523	\$ 3,928,121

See notes to financial statements.

New Yorkers For Children, Inc.

Statement of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities:	
Change in net assets	\$ 909,487
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	4,577
Net realized and unrealized losses on investments	138,774
Changes in operating assets and liabilities:	
Contributions receivable	(1,305,312)
Prepaid expenses	7,856
Accounts payable and accrued expenses	69,791
Refundable advance	84,748
Grants payable	(66,895)
Net cash used in operating activities	<u>(156,974)</u>
Cash flows from investing activities:	
Purchases of investments	(68,774)
Sales of investments	150,000
Purchases of property and equipment	(23,951)
Net cash provided by investing activities	<u>57,275</u>
Net decrease in cash and cash equivalents	(99,699)
Cash and cash equivalents:	
Beginning of year	<u>2,682,035</u>
End of year	<u>\$ 2,582,336</u>

See notes to financial statements.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 1. Organization

Founded in 1996 as the non-profit partner to the Administration for Children's Services (ACS), New Yorkers For Children, Inc. (NYFC) protects, ensures, and promotes the safety and well-being of New York City (NYC)'s children and families, with an emphasis on youth in foster care.

To achieve the highest impact for young people transitioning out of foster care, NYFC strategically partners with ACS and many non-profit organizations in NYC whose programs advance educational and career opportunities for youth in foster care. NYFC specifically supports programs that provide young people in foster care with the necessary educational and employment skills and access, and youth development services to attain successful and self-sufficient adulthood.

Scholarships and support: NYFC has several signature initiatives, summarized below, to meet the needs of youth in NYC foster care and to promote education and youth development. These initiatives include:

The Nick's Scholars Program (formerly Guardian Scholars) is a scholarship for college-enrolled youth in foster care that provides essential wraparound services in the form of financial, academic, and emotional support to help students succeed in college. The Nick's Scholars program began in New York City in September 2006 with two students. In 2017, the program expanded with the support of the Doris Duke Charitable Foundation. In 2018, eight new scholars were enrolled in the program. A total of 28 scholars participated in the program during the year. The scholars attend both CUNY and private schools in New York City. As of December 2018, 4 scholars had graduated and one student was dismissed from the program.

The Back-to-School Package Program provides youth in foster care enrolled in college or an accredited vocational program with the necessary tools to succeed during their educational and vocational experience. Each package is valued at \$1,000 and includes a laptop, software, gift cards and metro cards. In 2018, 687 packages were sent out to 507 students in 135 different higher education institutions.

The Charles Evans Emergency Education Fund assists youth, ages 21-27, who were formerly involved in the foster care system in New York City, in completing or furthering their education. The Fund ensures youth who encounter an unforeseen or unusual financial emergency will be able to continue their education without interruption. The average grant amount awarded in 2018 was \$1,745. 59% of awards were for tuition assistance, 14 % for housing, and 17% for books and school supplies, 10% for other. 68% of awards were from CUNY, 18% were from Private, 7% from SUNY schools and 7% from vocational programs. Applicants represented 17 different foster care agencies.

The In-Care Emergency Fund assists youth under the care of NYC's foster care system, in completing or furthering their education. In 2018, this fund was created through the generous support of an anonymous donor. The Fund ensures youth who encounter an unforeseen or unusual financial emergency will be able to continue their education without interruption. The average grant amount awarded in 2018 was \$1,649. 95% of awards were for tuition assistance and 5% for books and school supplies. 56% of award recipients were from CUNY, 11% were from Private and 33% from SUNY schools. Recipients represented five different foster care agencies.

The Spirit Awards are one-time scholarships awarded each year to young people in foster care who are succeeding in college. The recipients are young people who have demonstrated outstanding leadership skills, a commitment to community, and the determination and ability to overcome the barriers to academic success. In 2018, we awarded four scholarships totaling \$20,000 to four college upperclassmen involved in NYC foster care. Two awards were funded through NYFC educational endowment.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 1. Organization (Continued)

The Youth Advisory Board (YAB) works to raise public awareness, shape perceptions of children and youth in foster care, and inspire their peers to become advocates in their communities. The YAB is dedicated to advocating for change in the areas of social policy that have the greatest impact on their transition from care, namely improving and expanding access to affordable housing as well as access to post-secondary opportunities including access to and funding for college.

Pilot and innovative programs: Through its partnership with ACS, NYFC funds a variety of projects and pilots that spur innovation and provide much-needed resources and services to children of all ages in foster care as well as the child welfare community. In 2018, NYFC funded pilot projects in the following areas:

YVLifeSet is based on the Youth Villages LifeSet model (YVLifeSet), a program dedicated to improving outcomes for youth aging out of foster care and juvenile justice. NYFC implements this outcome-focused, intensive time-limited, and well researched approach, which targets young adults ages 17-22 who have been involved in the foster care, juvenile justice, and/or mental health systems as young adults and who find themselves needing the necessary skills and resources to move forward to their fullest potential. By testing the effectiveness of the YVLifeSet model in linking eligible youth to much needed benefits and services, and its impact on helping youth transition successfully into adulthood, NYFC and ACS will be able to determine the feasibility and scalability of the model within New York City and potentially replicate its program. In 2018, NYFC selected two foster care agencies to implement this model through a competitive RFP. Children's Aid will operate the program throughout all three years of the initiative while NY Foundling will begin programming in 2019. By the end of 2018, 37 youth were served in the program at Children's Aid.

Technology Workforce Development Program (TWD) will address the unmet needs of youth from the child welfare system with ambitions in the technology sector. Specifically, the TWD program will:

1. Connect youth (ages 18-24) with an industry recognized credential in the technology sector via a qualified training provider.
2. Improve participants' ability to navigate the workplace by building workplace resiliency and grit.
3. Connect youth to employment or additional post-secondary educational opportunities.

NYFC, in partnership with ACS, will engage the community foster care agencies in referring, enrolling, and providing youth participants (ages 18-24) with high-quality technical training programs, professional development opportunities, and wraparound supportive services. In 2018, four students graduated from the program.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The accompanying 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).

Cash and cash equivalents: For financial statement purposes, NYFC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents that are part of the investment portfolio are considered investments.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions receivable: NYFC considers contributions receivable past due or delinquent when payments have not been received in a timely manner. Receivables are written off when management deems the possibility of collecting amounts due as remote. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which promises are received. Amortization of the discounts is included in contribution revenue.

Revenue recognition: Unconditional contributions are recognized when received. Restricted contributions are recorded as restricted support and net assets with donor restrictions if they are received with donor stipulations that limit the use of the contributed assets. When a donor or sponsor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions having restrictions which are met in the period they are received are reported as net assets without donor restrictions.

Special events: NYFC holds fundraising events to provide support for its operations. Revenue from these events is recorded at the time the event takes place. Costs incurred for which a donor receives a direct benefit have been offset against the revenue earned in the statements of activities. Other costs related to the event for which the donor does not receive a direct benefit are included within indirect event expenses in the statement of functional expenses.

Contributed use of materials: NYFC benefits from contributed materials attributable to special events and programs. Various noncash contributions are recorded at their estimated fair values at the time of contribution. See Note 11.

NYFC receives contributed services of volunteers that do not meet the criteria for recognition. Accordingly, the value of these contributed services has not been reflected in the accompanying financial statements.

Investments: NYFC measures its investments at fair value. Accordingly, NYFC uses a three-level valuation hierarchy of fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations the significant inputs for which are observable.

Level 3: Instruments the significant inputs for which are unobservable.

Property and equipment: Property and equipment are stated at cost, except for contributed assets, which are recorded at fair value at the time of the contribution. NYFC capitalizes all assets with a cost of \$1,000 or more and a useful life greater than three years. Depreciation is computed using the straight-line method over the assets' estimated useful lives, ranging from three to five years.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Refundable advance: Refundable advance is recorded for an amount to be returned to a grantor.

Net asset classification: Net assets, revenues, gains and losses are classified based on the existence and or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Grant expense: Grants are recorded as an expense and a payable when grants are approved and communicated to the grantees. All grants payable are expected to be paid within the following year.

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses have been allocated between program services and support services based on an analysis of personnel time for the related activities.

Income tax status: NYFC is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, NYFC qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(2). NYFC is also exempt from state and local taxes. NYFC is subject to unrelated business income tax (UBIT), if applicable. For the tax year ended December 31, 2018, NYFC's UBIT is approximately \$1,900.

Management has evaluated NYFC's tax positions for all open tax years and has concluded that they have taken no uncertain tax positions that would require adjustment or disclosure to the accompanying financial statements.

Accounting estimates: The preparation of financial statements in conformity with U.S. GAAP 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. Accordingly, actual results could differ from those estimates.

Recently adopted accounting pronouncement: In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. NYFC has adopted this ASU in the year ended December 31, 2018. The impact to the financial statements include a change in the net asset classification from unrestricted, temporarily restricted, and permanently restricted to with donor restrictions and without donor restrictions, additional disclosure on liquidity analysis (see Note 3) and an expanded disclosure on the functional expense allocation (See Note 12).

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. NYFC is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The guidance in this ASU provides a framework for determining whether a transaction should be accounted for as an exchange transaction or as a contribution. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The new standard is effective for annual reporting periods beginning after June 15, 2018. NYFC is currently evaluating the impact of the adoption of the new standard on the financial statements.

Subsequent events: NYFC evaluated subsequent events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation was performed through June 18, 2019, the date the financial statements were available to be issued.

Note 3. Liquidity and Availability of Resources

The following represents NYFC's available financial assets as of December 31, 2018, to meet general expenditures over the next 12 months.

Financial assets at December 31, 2018:

Cash and cash equivalents	\$ 516,792
Contributions receivable	100,350
Investments	<u>1,455,783</u>
Total financial assets at December 31, 2018	<u>\$ 2,072,925</u>

NYFC has a policy to maintain liquid assets to meet 50% of annual general operating expenditures, which include any administrative & general expenses as well as fundraising expenses for the upcoming year (and exclude donor restricted funds and donor restricted grant expenses).

NYFC has various sources of liquidity at its disposal to meet its current general operating expenditures. These liquid assets include cash and cash equivalents, contribution income in receivables due in less than one year and investments convertible to cash in the next 12 months. NYFC's management team and the Finance & Investment Committee of its board meet on a quarterly basis to monitor liquidity required to meet its operating needs and to review the financial health of the organization.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 4. Contributions Receivable

Unconditional contributions receivable have been recorded in the accompanying financial statements at their estimated realizable value. Receivables that are payable over a year have been discounted to their present value.

Amounts due:

Within one year or less	\$ 1,210,399
In more than one year and less than five years	1,690,277
	<u>2,900,676</u>
Less discount to present value	(119,651)
Contributions receivable, net	<u>\$ 2,781,025</u>

As of December 31, 2018, NYFC had an outstanding unrecorded conditional government grant of \$495,814. NYFC will recognize the revenue over the remaining grant period when the conditions for recognizing the revenue are met.

Note 5. Investments and Fair Value Measurements

Investments are presented in the financial statements at fair value. All investments of NYFC as of December 31, 2018, as shown below, are classified as level 1 in the valuation hierarchy of fair value measurements.

Cash equivalents	\$ 404,038
Exchange traded funds	1,086,722
Mutual funds	1,231,039
Total investments at fair value	<u>\$ 2,721,799</u>

Cash equivalents carrying amount approximate fair value because the instruments are liquid in nature.

Exchange traded funds are stated at the last reported sales or trade price on the day of valuation.

Mutual funds are stated at net asset value (NAV). NAV is calculated each business day as of the close of regular trading on the New York Stock Exchange (NYSE).

NYFC invests in exchange traded funds and mutual funds. Such investments are exposed to risks such as interest rate and market risks. Due to the level of risk associated with certain investment vehicles, it is possible that changes in the values of investment holdings could occur in the near-term and these changes could materially affect the amounts reported in the statement of financial position.

Note 6. Property and Equipment

Property and equipment consist of the following as of December 31, 2018:

Computers and other equipment	\$ 17,250
Computer software and website	66,869
	<u>84,119</u>
Less accumulated depreciation	(49,923)
	<u>\$ 34,196</u>

NYFC incurred \$4,577 of depreciation expense in the year ended December 31, 2018.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2018:

	<u>Balance</u>
Subject to expenditure for specific purpose:	
High School Goal Weekend	\$ 1,650
Wednesday's Child	671
Center for Study of Social Programs	5
Division of Youth and Family Justice	547
Early Head Start	18,380
Latino Heritage	2,633
Other ACS Events	4
LGBTQ population survey	150,400
Disrupting Intergenerational Inequality	100,000
Columbia Workplace Center	25,000
Home Away from Home Initiative Phase II - Hilton and Time-Restricted	350,000
Foster Care Tech Grant	75,750
Fiscal Models	166,567
LGBTQ population survey - RH	25,000
Guardian Scholars Program	313,067
Back to School Package Program	130,187
Youth Advisory Board	12,274
Wrap to Rap	2,670
Emergency Education	176,363
Spirit Award	8,223
Nick's Scholars and Time-Restricted	807,821
YV LifeSet Initiative	2,079,598
Technology Workforce Program	76,952
Foster Care Emergency Fund	79,860
Mentoring Planning Grant	35,000
HS - Nick's Scholars	90,436
	<u>4,729,058</u>
Endowment:	
Perpetual in nature	850,950
Accumulated endowment income restricted for the educational needs of youth in foster care	27,150
	<u>878,100</u>
Total net assets with donor restrictions	<u>\$ 5,607,158</u>

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 7. Net Assets with Donor Restrictions (Continued)

Net assets with donor restrictions were released from restrictions during the year ended December 31, 2018 by incurring expenses satisfying the restricted purposes, passage of time or occurrence of other events, as follows:

	<u>Releases</u>
LGBTQ	\$ 585
Children's Center	543
Wednesday's Child	8,263
Brownstone Foundation	1,663
Falconwood	18,217
Center for Study of Social Programs	4,250
Division of Youth and Family Justice	180
Early Head Start	60,720
Home Away from Home Initiative - Hilton and Time-Restricted	482,500
School Supplies Fund	55
Rotary Club - Program Gift Cards	500
No Time to Wait - 2017 Time Restricted	67,500
Early Childhood Partners Fund	77,420
Other ACS Events	1,183
Youth Homelessness	150,000
LGBTQ Population Survey	39,600
Foster Care Tech Grant	74,250
Fund for Early Learning	252
Fiscal Models	248,000
College Success Initiative	1,995
Guardian Scholars Program	69,534
Back to School Package Program	210,819
Youth Advisory Board	4,896
Wrap to Rap	1,167
Emergency Education	46,113
Spirit Award	39,457
Appropriation from Educational Endowment	14,835
Nick's Scholars	227,688
YV LifeSet Initiative	156,280
Technology Workforce Program	28,995
Foster Care Emergency Fund	20,140
HS - Nick's Scholars	9,564
	<u>\$ 2,067,164</u>

Note 8. Endowment

Effective September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), the provisions of which apply to the endowment funds existing on or established after that date.

NYFC's endowment consists of two individual donor-restricted funds established for the educational needs of youth in foster care. NYFC does not have any funds designated by the Board of Directors that function as an endowment. NYFC is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. NYFC retains in perpetuity the original value of the gifts donated.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 8. Endowment (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires NYFC to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2018.

Return objectives and risk parameters: NYFC has adopted investment and spending strategies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies employed for achieving objectives: To satisfy its long-term rate-of -return objectives, NYFC relies on a total-return strategy, in which investment returns are achieved through current yield (interest income and investment appreciation). NYFC targets a conservative asset allocation that places a greater emphasis on the conservation of investment principal to achieve its long-term return objectives within prudent risk constraints.

Spending policy: NYFC has a policy of spending the investment income generated from original donor-restricted gift amounts and amounts required to be held in perpetuity by donor, which is allowable under the donor guidelines. The spending amount is based on needs and funding availability. As of December 31, 2018, any unspent donor-restricted investment income was added to net assets with donor restrictions.

During the year ended December 31, 2018, NYFC had the following endowment-related activities:

	<u>With Donor Restrictions</u>
Endowment funds, beginning of year	\$ 953,972
Net investment loss	(61,037)
Releases from restrictions	(14,835)
Endowment funds, end of year	<u>\$ 878,100</u>

Note 9. Lease Commitments

In June 2008, NYFC entered into a lease agreement for office space in New York City. The lease provided NYFC with the office space beginning September 1, 2008 through August 31, 2013 at approximately \$9,460 per month, with certain rent concessions at the beginning of the lease and annual escalations of approximately 3%. In April 2013, NYFC extended this lease for a seven-year period, beginning September 1, 2013 through August 31, 2020, at approximately \$9,489 per month with annual escalations of approximately 3%. Rent expense incurred during the year ended December 31, 2018, totaled \$129,445. Rent expense is included in occupancy in the statement of functional expenses.

The future minimum rental commitments under this lease agreement are as follows for the years ending December 31:

2019	\$ 133,328
2020	90,646
	<u>\$ 223,974</u>

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 10. Concentrations of Credit Risk and Support

NYFC maintains its cash balances in a high-quality financial institution and utilizes Liquid Insured Deposits (LIDS) to increase its Federal Deposit Insurance Corporation protection to \$2,500,000. As of December 31, 2018, all of NYFC's cash balances were insured.

Approximately 66% of total contributions revenue recognized during the year ended December 31, 2018, were attributed to three donors, and approximately 76% of contributions receivable as of December 31, 2018, were attributed to two donors.

Note 11. In-Kind Services and Materials

The estimated fair value of in-kind services and materials received by NYFC, by purpose, are as follows for the year ended December 31, 2018:

Program expense	\$ 199,859
Management and general	42,969
Indirect event expense	15,143
	<u>\$ 257,971</u>

Note 12. Functional Allocation of Expenses

Certain expenses are attributable to more than one program or supporting function. The following expenses are allocated consistently based on salary expenses. Salary expense allocation is supported by the employees' timesheets.

- Payroll taxes and employee benefits
- Depreciation
- Occupancy costs
- Office expenses

Note 13. Employee Benefit Plan

NYFC has a defined contribution 403(b) retirement plan for eligible employees. All full-time employees who have reached 18 years of age are eligible for participation in the plan. If employees elect, they may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Employee contributions can be invested in any number of available options offered by the plan, which offers a broad level of diversification to its participants. NYFC provides basic employer contributions for each pay period throughout the plan year during which an employee is an active participant of the plan. A discretionary amount is determined annually for each active participant in the same ratio that each employee's compensation is part of the total plan. Total expense for the year ended December 31, 2018, was \$27,400.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 14. Lines of Credit

Pursuant to an agreement with Amazon.com, NYFC has available a \$9,000 unsecured line of credit. There was no amount outstanding on the line as of December 31, 2018. A finance charge is payable monthly on outstanding balances at an interest rate of 2% as of December 31, 2018.

Pursuant to an agreement with Dell Business Credit, NYFC has available a \$165,000 unsecured line of credit. There was no amount outstanding on the line as of December 31, 2018. Interest is payable monthly on outstanding balances at an interest rate of 22.99% as of December 31, 2018.

Note 15. Related Party Transactions

NYFC's two members of the board of directors were also the executive employees of ACS during the year ended December 31, 2018.

NYFC received pro bono legal services from a member of the board of directors during the year ended December 31, 2018.