

**THE NEW YORK CENTER
FOR CHILDREN, INC**

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2020

Independent Auditor's Report

To the Board of Directors of
The New York Center for Children, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The New York Center for Children, Inc. ("NYCC"), which comprise the statement of financial position as of March 31, 2020, and 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.

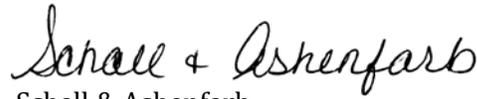
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New York Center for Children, Inc. as of March 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited NYCC's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived



Schall & Ashenfarb
Certified Public Accountants, LLC

October 7, 2020

THE NEW YORK CENTER FOR CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2020
(With comparative totals at March 31, 2019)

	3/31/20	3/31/19
Assets		
Cash and cash equivalents	\$24,003	\$6,503
Contributions and grants receivable	79,348	24,847
Prepaid expenses and other assets	0	6,302
Cash held for security deposit	17,000	17,000
Fixed assets, net (Note 3)	5,151	5,116
Total assets	\$125,502	\$59,768
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$69,771	\$88,317
Grant advances	0	2,906
Conditional contributions (Note 4)	0	92,225
Total liabilities	69,771	183,448
Net assets:		
Without donor restrictions	47,708	(129,680)
With donor restrictions (Note 5)	8,023	6,000
Total net assets	55,731	(123,680)
Total liabilities and net assets	\$125,502	\$59,768

The attached notes and auditor's report are an integral part of these financial statements.

THE NEW YORK CENTER FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020
(With comparative totals for the year ended March 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 3/31/20</u>	<u>Total 3/31/19</u>
Public support and revenue:				
Contributions	\$558,021	\$10,000	\$568,021	\$423,580
Government grants	439,328		439,328	331,958
Special event income (net of expenses with a direct benefit to donors) (Note 6)	419,384		419,384	304,645
Professional training program income	20,478		20,478	24,372
Other income	18		18	933
Net assets released from restriction	7,977	(7,977)	0	0
Total public support and revenue	<u>1,445,206</u>	<u>2,023</u>	<u>1,447,229</u>	<u>1,085,488</u>
Expenses:				
Program services	<u>1,009,619</u>		<u>1,009,619</u>	<u>863,959</u>
Supporting services:				
Management and general	70,559		70,559	104,756
Fundraising	<u>187,640</u>		<u>187,640</u>	<u>136,525</u>
Total supporting services	<u>258,199</u>	<u>0</u>	<u>258,199</u>	<u>241,281</u>
Total expenses	<u>1,267,818</u>	<u>0</u>	<u>1,267,818</u>	<u>1,105,240</u>
Change in net assets	177,388	2,023	179,411	(19,752)
Net assets - beginning of year	<u>(129,680)</u>	<u>6,000</u>	<u>(123,680)</u>	<u>(103,928)</u>
Net assets - end of year	<u><u>\$47,708</u></u>	<u><u>\$8,023</u></u>	<u><u>\$55,731</u></u>	<u><u>(\$123,680)</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE NEW YORK CENTER FOR CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020
(With comparative totals for the year ended March 31, 2019)

	Supporting Services			Total Supporting Services	Total Expenses 3/31/20	Total Expenses 3/31/19
	Program Services	Management and General	Fundraising			
Salaries	\$602,160	\$24,249	\$97,428	\$121,677	\$723,837	\$634,672
Payroll taxes and benefits	125,188	5,041	20,255	25,296	150,484	104,251
Professional fees and consultants	25,933	30,200	24,339	54,539	80,472	47,397
Occupancy	186,354	7,504	30,152	37,656	224,010	231,911
Travel and conferences	15,739			0	15,739	10,938
Supplies and office expenses	28,615	1,152	4,630	5,782	34,397	29,372
Telephone	9,494	382	1,536	1,918	11,412	10,062
Fundraising event expenses			38,728	38,728	38,728	22,447
Insurance	14,521	585	2,349	2,934	17,455	13,553
Other expenses		1,381		1,381	1,381	4,388
Depreciation	1,615	65	261	326	1,941	3,779
Total expenses	1,009,619	70,559	219,678	290,237	1,299,856	1,112,770
Less: direct event expenses netted with revenue			(32,038)	(32,038)	(32,038)	(7,530)
Total expenses for statement of activities	\$1,009,619	\$70,559	\$187,640	\$258,199	\$1,267,818	\$1,105,240

The attached notes and auditor's report are an integral part of these financial statements.

THE NEW YORK CENTER FOR CHILDREN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
(With comparative totals for the year ended March 31, 2019)

	<u>3/31/20</u>	<u>3/31/19</u>
Cash flows from operating activities:		
Change in net assets	\$179,411	(\$19,752)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,941	3,779
Loan forgiven	0	(17,085)
Changes in assets and liabilities:		
Contributions and grants receivable	(54,501)	(4,704)
Prepaid expenses and other assets	6,302	1,071
Accounts payable and accrued expenses	(18,546)	16,616
Grant advances	(2,906)	(6,384)
Conditional contributions	(92,225)	27,110
Net cash flows provided by operating activities	<u>19,476</u>	<u>651</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>(1,976)</u>	<u>(1,763)</u>
Net cash flows used for investing activities	<u>(1,976)</u>	<u>(1,763)</u>
Cash flows from financing activities:		
Loan proceeds	71,300	122,120
Repayment of loans	<u>(71,300)</u>	<u>(122,120)</u>
Net cash flows used for financing activities	<u>0</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents	17,500	(1,112)
Cash and cash equivalents - beginning of year	<u>6,503</u>	<u>7,615</u>
Cash and cash equivalents - end of year	<u><u>\$24,003</u></u>	<u><u>\$6,503</u></u>
Supplemental information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE NEW YORK CENTER FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

Note 1 - Nature of the Organization

Founded in 1995 as the Child Advocacy Center of Manhattan, The New York Center for Children, Inc. ("NYCC") is a child-friendly Center, providing free, comprehensive evaluation and therapy services to victims of child abuse and their families. NYCC also offers professional training on the diagnosis, treatment and prevention of child abuse.

All of the programs and services at NYCC are completely free of charge. NYCC is a not-for-profit organization that relies on donations to cover the costs of operations. NYCC serves all families, including those without insurance.

NYCC has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which, is the process of recording revenue and expenses when earned or incurred rather than received or paid.

Effective April 1, 2019 NYCC adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective April 1, 2019, NYCC adopted ("ASU") No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, NYCC evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, NYCC applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

For contributions, NYCC evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for NYCC to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way NYCC recognizes revenue.

b. Basis of Presentation

NYCC reports information regarding their financial position and activities in the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction.

c. Revenue Recognition

NYCC has adopted Topic 606 using the modified retrospective method applied to all contracts after April 1, 2019 and continues to use legacy GAAP for all contracts before April 1, 2019.

NYCC has professional training program income, which falls under Topic 606 and is included in the statement of activities. NYCC analyzes professional training program income to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

NYCC's government and private grants are primarily conditional non-exchange transactions and fall under the scope of *Topic 958, Not-for-Profit Entities*. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as government grant advances.

d. Cash and Cash Equivalents

NYCC considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Significant Concentrations

Financial instruments, which potentially subject NYCC to concentration of credit risk, consist of cash accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end, there were no insured balances and NYCC has not suffered losses from the default of any financial institution.

Special event income accounted for approximately 29% and 28% of total public support during the years ended March 31, 2020 and March 31, 2019, respectively. NYCC's largest government grant accounted for approximately 22% and 20% of total public support during the years ended March 31, 2020 and March 31, 2019, respectively.

f. Allowance for Doubtful Accounts

At March 31, 2020, all receivables are due within one year. NYCC reviews specific accounts and makes assessments as to the collectability based on historical experience and the age of the receivable. Based on this review, management has deemed that no allowance for doubtful accounts is necessary. Write-offs, if any, will be recorded as expenses in the year they are deemed to be uncollectible.

g. Fixed Assets

Fixed assets, consisting of furniture, office equipment and leasehold improvements, are capitalized in the year acquired and are carried at cost, if purchased, or fair value, if donated. Depreciation and amortization is computed over the estimated useful lives of the assets or life of the lease using the straight-line method. Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life, are charged to expense as incurred.

h. In-Kind Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist NYCC. These services do not meet the criteria of in-kind services and have not been recorded in the financial statements.

i. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

j. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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 NYCC.

Salaries were allocated using time and effort as the basis. The following expenses were allocated using the salary allocation as the basis:

- Payroll taxes and benefits
- Occupancy
- Supplies and office expenses
- Telephone
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

k. Accounting for Uncertainty of Income Taxes

NYCC does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending March 31, 2017 and later are subject to examination by applicable taxing authorities.

l. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NYCC's financial statements for the year ended March 31, 2019, from which the summarized information was derived.

m. New Accounting Pronouncement

FASB issued ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the March 31, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the March 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

NYCC is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>3/31/2020</u>	<u>3/31/2019</u>	<u>Useful Life</u>
Computers and equipment	\$71,365	\$69,389	3-5 years
Furniture and fixtures	30,270	30,270	7 years
Leasehold improvements	<u>3,580</u>	<u>3,580</u>	Life of lease
	105,215	103,239	
Less: accumulated depreciation	<u>(100,064)</u>	<u>(98,123)</u>	
Total	<u>\$5,151</u>	<u>\$5,116</u>	

Note 4 - Conditional Contributions

Conditional contributions at March 31, 2019 consisted of cash receipts that were conditioned on the Spring Celebration Benefit fundraising event that was held in May 2019. There were no conditional contributions at March 31, 2020.

Note 5 - Net Assets with Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	<u>March 31, 2020</u>			
	Beginning Balance <u>4/1/19</u>	<u>Additions</u>	Released from <u>Restrictions</u>	Ending Balance <u>3/31/20</u>
Purpose restricted:				
Art Therapy Techniques				
Training	\$6,000	\$0	(\$6,000)	\$0
Computer equipment	<u>0</u>	<u>10,000</u>	<u>(1,977)</u>	<u>8,023</u>
Total	<u>\$6,000</u>	<u>\$10,000</u>	<u>(\$7,977)</u>	<u>\$8,023</u>
	<u>March 31, 2019</u>			
	Beginning Balance <u>4/1/18</u>	<u>Additions</u>	Released from <u>Restrictions</u>	Ending Balance <u>3/31/19</u>
Art Therapy Techniques				
Training	\$0	\$12,000	(\$6,000)	\$6,000
Time restricted	<u>80,516</u>	<u>0</u>	<u>(80,516)</u>	<u>0</u>
Total	<u>\$80,516</u>	<u>\$12,000</u>	<u>(\$86,516)</u>	<u>\$6,000</u>

Note 6 - Special Events

A summary of the special events proceeds is as follows:

	<u>3/31/2020</u>	<u>3/31/2019</u>
Gross revenue	\$451,422	\$312,175
Less: expenses with a direct benefit to donor	<u>(32,038)</u>	<u>(7,530)</u>
	419,384	304,645
Less: other event expenses	<u>(6,690)</u>	<u>(14,917)</u>
Total	<u>\$412,694</u>	<u>\$289,728</u>

Note 7 - Commitments

NYCC has a non-cancellable operating lease agreement for office space that expires on December 31, 2020. Minimum lease commitments are \$149,000 for the year ending March 31, 2021.

Rent expense charged to operations was \$195,000 and \$190,000 for the years ended March 31, 2020 and March 31, 2019, respectively.

Note 8 - Retirement Plan

NYCC offers a defined contribution retirement benefit plan for all employees. Under the plan, NYCC matches participant contributions up to 2% of salary. This match is discretionary. NYCC's contributions under this plan vest evenly over a five-year period and the participants' contributions to the plan vest immediately. Retirement plan expense amounted to \$6,000 and \$2,500 for the years ended March 31, 2020 and March 31, 2019, respectively.

Note 9 - Availability and Liquidity

NYCC maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, NYCC operates its programs within a board approved budget and relies on contributions and special event income to fund its operations and program activities.

The following reflects NYCC's financial assets at March 31, 2020 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:

Cash and cash equivalents	\$24,003	
Contributions receivable due within one year	<u>79,348</u>	
Total financial assets		\$103,351
Less amounts not available for general expenditures:		
Donor contributions restricted to specific purposes		<u>(8,023)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$95,328</u>

Note 10 - Subsequent Events

Management has evaluated the impact of all subsequent events through October 7, 2020, which is the date that the financial statements were available to be issued.

Subsequent to year end, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This could adversely affect NYCC's donors and vendors as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the

outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could adversely affect and harm NYCC's business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact of such on NYCC's business cannot be quantified.

On May 20, 2020, NYCC obtained a loan from the SBA in the amount of \$175,000 through the Payroll Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during the covered period subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

No additional events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.