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

Audited Financial Statements

March 31, 2021

## **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, 2021, 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.

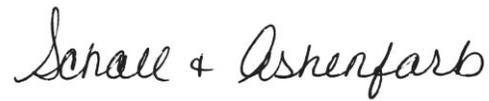
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

December 16, 2021

**THE NEW YORK CENTER FOR CHILDREN, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT MARCH 31, 2021**  
(With comparative totals at March 31, 2020)

	<u>3/31/21</u>	<u>3/31/20</u>
<b>Assets</b>		
Cash and cash equivalents	\$455,058	\$24,003
Contributions and grants receivable	79,004	79,348
Prepaid expenses and other assets	22,280	0
Cash held for security deposit	33,114	17,000
Fixed assets, net (Note 3)	<u>3,623</u>	<u>5,151</u>
 Total assets	 <u><u>\$593,079</u></u>	 <u><u>\$125,502</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$47,548	\$69,771
Deferred rent	<u>47,187</u>	<u>0</u>
Total liabilities	<u><u>94,735</u></u>	<u><u>69,771</u></u>
Net assets:		
Without donor restrictions	498,344	47,708
With donor restrictions (Note 4)	<u>0</u>	<u>8,023</u>
Total net assets	<u><u>498,344</u></u>	<u><u>55,731</u></u>
 Total liabilities and net assets	 <u><u>\$593,079</u></u>	 <u><u>\$125,502</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 ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2021**  
(With comparative totals for the year ended March 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 3/31/21	Total 3/31/20*
<b>Public support and revenue:</b>				
Contributions	\$1,225,375		\$1,225,375	\$595,237
Government grants	314,729		314,729	439,328
Other government grant - Paycheck Protection Program (Note 5)	174,875		174,875	0
Special event income (net of expenses with a direct benefit to donors) (Note 6)	85,195		85,195	392,168
Professional training program income	590		590	20,478
Other income	38		38	18
Net assets released from restriction (Note 4)	8,023	(\$8,023)	0	0
Total public support and revenue	<u>1,808,825</u>	<u>(8,023)</u>	<u>1,800,802</u>	<u>1,447,229</u>
<b>Expenses:</b>				
Program services	<u>1,054,990</u>		<u>1,054,990</u>	<u>1,009,619</u>
Supporting services:				
Management and general	123,217		123,217	70,559
Fundraising	179,982		179,982	187,640
Total supporting services	<u>303,199</u>	<u>0</u>	<u>303,199</u>	<u>258,199</u>
Total expenses	<u>1,358,189</u>	<u>0</u>	<u>1,358,189</u>	<u>1,267,818</u>
Change in net assets	450,636	(8,023)	442,613	179,411
Net assets - beginning of year	<u>47,708</u>	<u>8,023</u>	<u>55,731</u>	<u>(123,680)</u>
Net assets - end of year	<u><u>\$498,344</u></u>	<u><u>\$0</u></u>	<u><u>\$498,344</u></u>	<u><u>\$55,731</u></u>

\* Reclassified for comparative purposes

*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, 2021**  
(With comparative totals for the year ended March 31, 2020)

	Supporting Services			Total Supporting Services	Total Expenses 3/31/21	Total Expenses 3/31/20
	Program Services	Management and General	Fundraising			
Salaries	\$634,051	\$30,193	\$90,579	\$120,772	\$754,823	\$723,837
Payroll taxes and benefits	132,801	6,323	18,972	25,295	158,096	150,484
Professional fees and consultants	33,603	71,945	33,840	105,785	139,388	80,472
Occupancy	192,792	9,181	27,541	36,722	229,514	224,010
Travel and conferences	498			0	498	15,739
Supplies and office expenses	30,020	1,849	4,289	6,138	36,158	34,397
Telephone	15,412	734	2,202	2,936	18,348	11,412
Fundraising event expenses			300	300	300	38,728
Insurance	14,529	692	2,076	2,768	17,297	17,455
Other expenses		2,239		2,239	2,239	1,381
Depreciation	1,284	61	183	244	1,528	1,941
<b>Total expenses</b>	<b>1,054,990</b>	<b>123,217</b>	<b>179,982</b>	<b>303,199</b>	<b>1,358,189</b>	<b>1,299,856</b>
Less: direct event expenses netted with revenue				0	0	(32,038)
<b>Total expenses for statement of activities</b>	<b>\$1,054,990</b>	<b>\$123,217</b>	<b>\$179,982</b>	<b>\$303,199</b>	<b>\$1,358,189</b>	<b>\$1,267,818</b>

*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, 2021**  
(With comparative totals for the year ended March 31, 2020)

	<u>3/31/21</u>	<u>3/31/20</u>
Cash flows from operating activities:		
Change in net assets	\$442,613	\$179,411
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,528	1,941
Changes in assets and liabilities:		
Contributions and grants receivable	344	(54,501)
Prepaid expenses and other assets	(22,280)	6,302
Cash held for security deposit	(16,114)	0
Accounts payable and accrued expenses	(22,223)	(18,546)
Grant advances	0	(2,906)
Conditional contributions	0	(92,225)
Deferred rent	47,187	0
Net cash flows provided by operating activities	<u>431,055</u>	<u>19,476</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>0</u>	<u>(1,976)</u>
Net cash flows used for investing activities	<u>0</u>	<u>(1,976)</u>
Cash flows from financing activities:		
Loan proceeds	0	71,300
Repayment of loans	<u>0</u>	<u>(71,300)</u>
Net cash flows used for financing activities	<u>0</u>	<u>0</u>
Net increase in cash and cash equivalents	431,055	17,500
Cash and cash equivalents - beginning of year	<u>24,003</u>	<u>6,503</u>
Cash and cash equivalents - end of year	<u><u>\$455,058</u></u>	<u><u>\$24,003</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, 2021**

**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.

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' restrictions, either due to a program nature or by the passage of time.

c. Revenue Recognition

NYCC follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which 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.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Government grants have been evaluated and are considered to be non-reciprocal; therefore, they are also treated as contributions under ASC 958-605. In addition, government grants meet the criteria of being conditional. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Cash received in advance of the conditions being met is treated as a liability.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

NYCC follows the requirements of FASB's ASC 606 for recognizing revenue from contracts with customers. NYCC has professional training program income, which falls under Topic 606 and is included in the statement of activities. Revenue is recognized at the point in time that the training is provided and 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.

Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of March 31, 2021 and 2020. Write-offs will be made in the period the receivable is deemed to be uncollectable. At March 31, 2021, all receivables are due within one year.

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. Concentration of Credit Risk

Financial instruments, which potentially subject NYCC to a 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.

f. 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 are 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.

g. 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 services that assist NYCC. These services do not meet the criteria for recognition as outlined above and have not been recorded in the financial statements.

h. 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.

i. Functional Allocation of Expenses

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.

j. 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, 2018 and later are subject to examination by applicable taxing authorities.

k. 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, 2020, from which the summarized information was derived.

l. New Accounting Pronouncements

FASB issued Accounting Standards Update (“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.

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.

NYCC is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 - Fixed Assets**

Fixed assets consist of the following:

	<u>3/31/21</u>	<u>3/31/20</u>	<u>Useful Life</u>
Computers and equipment	\$71,365	\$71,365	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	105,215	
Less: accumulated depreciation	<u>(101,592)</u>	<u>(100,064)</u>	
Total fixed assets, net	<u>\$3,623</u>	<u>\$5,151</u>	

**Note 4 - Net Assets with Donor Restrictions**

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

	<u>March 31, 2021</u>			
	<u>Beginning</u>		<u>Released</u>	<u>Ending</u>
	<u>Balance</u>	<u>Contributions</u>	<u>from</u>	<u>Balance</u>
	<u>4/1/20</u>		<u>Restrictions</u>	<u>3/31/21</u>
Purpose restricted:				
Computer equipment	\$8,023	\$0	(\$8,023)	\$0
Total	<u>\$8,023</u>	<u>\$0</u>	<u>(\$8,023)</u>	<u>\$0</u>

	<u>March 31, 2020</u>			
	<u>Beginning</u>		<u>Released</u>	<u>Ending</u>
	<u>Balance</u>	<u>Contributions</u>	<u>from</u>	<u>Balance</u>
	<u>4/1/19</u>		<u>Restrictions</u>	<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>

**Note 5 - Paycheck Protection Program**

During the year ended March 31, 2021, NYCC obtained a loan from the Small Business Administration (“SBA”) through the Paycheck Protection Program (“PPP”). Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven.

NYCC accounts for the PPP loan as a conditional contribution in accordance with ASC 958-605. NYCC met all of the conditions during the year, and this was recognized as revenue in 2021. In addition, NYCC was notified that full forgiveness was approved by the SBA.

**Note 6 - Special Events**

Due to the COVID-19 Pandemic, NYCC cancelled some events and held others virtually during the year ended March 31, 2021. As such, there were no related expenses with direct benefit to donors in 2021.

A summary of the special events proceeds is as follows:

	<u>3/31/21</u>	<u>3/31/20</u>
Gross revenue	\$85,195	\$424,206
Less: expenses with a direct benefit to donors	<u>0</u>	<u>(32,038)</u>
	85,195	392,168
Less: other event expenses	<u>(300)</u>	<u>(6,690)</u>
Total	<u>\$84,895</u>	<u>\$385,478</u>

**Note 7 - Commitments**

NYCC has a non-cancellable operating lease agreement for office space that expires on December 31, 2025. Future minimum payments under the lease are as follows:

Year ending:	March 31, 2022	\$198,684
	March 31, 2023	198,684
	March 31, 2024	198,684
	March 31, 2025	198,684
	March 31, 2026	<u>149,013</u>
	Total	<u>\$943,749</u>

Rent expense charged to operations was \$198,000 and \$195,000 for the years ended March 31, 2021 and March 31, 2020, 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 their 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 \$5,000 and \$6,000 for the years ended March 31, 2021 and March 31, 2020, 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, 2021 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:

Cash and cash equivalents	\$455,058
Contributions and grants receivable due within one year	<u>79,004</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$534,062</u>

**Note 10 - Subsequent Events**

Subsequent events have been evaluated through December 16, 2021, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

**Note 11 - Other Matters**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which NYCC operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.