

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

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2022

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of New York Center for Children, Inc. ("NYCC"), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NYCC as of March 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NYCC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NYCC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

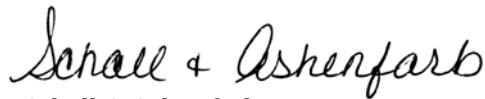
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NYCC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NYCC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited NYCC's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

January 9, 2023

THE NEW YORK CENTER FOR CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
AT MARCH 31, 2022
(With comparative totals at March 31, 2021)

	<u>3/31/22</u>	<u>3/31/21</u>
Assets		
Cash and cash equivalents	\$196,874	\$455,058
Government grants receivable	88,828	79,004
Employee Retention Tax Credit Receivable (Note 3)	64,034	0
Prepaid expenses and other assets	4,879	22,280
Cash held for security deposit	33,114	33,114
Fixed assets, net (Note 4)	<u>14,058</u>	<u>3,623</u>
 Total assets	 <u><u>\$401,787</u></u>	 <u><u>\$593,079</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$31,509	\$47,548
Deferred rent	<u>37,253</u>	<u>47,187</u>
Total liabilities	<u><u>68,762</u></u>	<u><u>94,735</u></u>
Net assets:		
Without donor restrictions	<u>333,025</u>	<u>498,344</u>
Total net assets	<u><u>333,025</u></u>	<u><u>498,344</u></u>
 Total liabilities and net assets	 <u><u>\$401,787</u></u>	 <u><u>\$593,079</u></u>

The attached notes and auditors' 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, 2022
(With comparative totals for the year ended March 31, 2021)

	<u>3/31/22</u>	<u>3/31/21</u>
Without donor restrictions:		
Public support and revenue:		
Contributions	\$562,527	\$1,225,375
Government grant - Employee Retention Tax Credit (Note 3)	64,034	0
Government grant - Paycheck Protection Program (Note 5)	0	174,875
Other government grants	175,564	314,729
Special event income, net (Note 6)	47,997	85,195
Professional training program income	3,891	590
Other income	1,175	38
Total public support and revenue	<u>855,188</u>	<u>1,800,802</u>
Expenses:		
Program services	883,049	1,054,990
Supporting services:		
Management and general	69,094	123,217
Fundraising	68,364	179,982
Total supporting services	<u>137,458</u>	<u>303,199</u>
Total expenses	<u>1,020,507</u>	<u>1,358,189</u>
Change in net assets	(165,319)	442,613
Net assets - beginning of year	<u>498,344</u>	<u>55,731</u>
Net assets - end of year	<u><u>\$333,025</u></u>	<u><u>\$498,344</u></u>

The attached notes and auditors' 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, 2022
(With comparative totals for the year ended March 31, 2021)

	Supporting Services			Total Supporting Services	Total Expenses 3/31/22	Total Expenses 3/31/21
	Program Services	Management and General	Fundraising			
Salaries	\$508,807	\$21,085	\$26,540	\$47,625	\$556,432	\$754,823
Payroll taxes and benefits	105,895	4,388	5,524	9,912	115,807	158,096
Professional fees and consultants	23,566	32,922	23,575	56,497	80,063	139,388
Occupancy	198,667	8,232	10,363	18,595	217,262	229,514
Travel and conferences	830			0	830	498
Supplies and office expenses	18,441	765	962	1,727	20,168	36,158
Telephone	12,714	527	663	1,190	13,904	18,348
Fundraising event expenses			12,438	12,438	12,438	300
Insurance	12,249	508	639	1,147	13,396	17,297
Other expenses		590		590	590	2,239
Depreciation	1,880	77	98	175	2,055	1,528
Total expenses	883,049	69,094	80,802	149,896	1,032,945	1,358,189
Less: direct event expenses netted with revenue			(12,438)	(12,438)	(12,438)	0
Total expenses for statement of activities	\$883,049	\$69,094	\$68,364	\$137,458	\$1,020,507	\$1,358,189

The attached notes and auditors' 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, 2022
(With comparative totals for the year ended March 31, 2021)

	3/31/22	3/31/21
Cash flows from operating activities:		
Change in net assets	(\$165,319)	\$442,613
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	2,055	1,528
Changes in assets and liabilities:		
Contributions and grants receivable	(9,824)	344
Employee Retention Tax Credit receivable	(64,034)	0
Prepaid expenses and other assets	17,401	(22,280)
Accounts payable and accrued expenses	(16,039)	(22,223)
Deferred rent	(9,934)	47,187
Net cash flows (used for)/provided by operating activities	(245,694)	447,169
Cash flows from investing activities:		
Purchases of fixed assets	(12,490)	0
Net cash flows used for investing activities	(12,490)	0
Net (decrease)/increase in cash, cash equivalents, and restricted cash	(258,184)	447,169
Cash, cash equivalents, and restricted cash - beginning of year	488,172	41,003
Cash, cash equivalents, and restricted cash - end of year	\$229,988	\$488,172
Supplemental information:		
Interest and taxes paid	\$0	\$0
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$196,874	\$455,058
Cash held for security deposit	33,114	33,114
	\$229,988	\$488,172

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

THE NEW YORK CENTER FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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. There were no net assets with donor restrictions at March 31, 2022.

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.

NYCC evaluates whether contributions 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.

Contributions are recognized at net realizable value if expected to be received within one year, or at fair value using risk-adjusted present value techniques if expected to be received in more than one year.

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.

NYCC follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. NYCC has professional training program income, which falls under ASC 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.

Management assesses the collectability of all outstanding receivables based upon past experience, historical trends, and specific knowledge of each donor. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of March 31, 2022. Write-offs will be made in the period the receivable is deemed to be uncollectable. All receivables at March 31, 2022 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 uninsured balances and NYCC has not suffered losses from the default of any financial institution.

f. Fixed Assets

Fixed assets that exceed certain dollar thresholds and have a useful life of greater than one year 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. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years of the lease, as payments exceed the amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

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, 2019 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, 2021, from which the summarized information was derived.

l. New Accounting Pronouncement

FASB issued Accounting Standards Update (“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 this standard will have on future financial statements.

Note 3 - Employee Retention Tax Credit

During the year ended March 31, 2022, NYCC claimed the Employee Retention Credit (“ERTC”) in the amount of \$64,034. The ERTC was established by the Coronavirus Relief Act issued by Congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filing for qualified wages paid after March 13, 2020, through September 30, 2021. To be eligible, an employer must incur payroll costs to retain employees and be adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts.

NYCC accounts for the ERTC as a conditional contribution in accordance with FASB ASC 958-605. The conditions for eligibility outlined above were met for the quarters claimed during the year ended March 31, 2022, and the full amount was recognized as revenue during the year then ended.

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>3/31/22</u>	<u>3/31/21</u>	<u>Useful Life</u>
Computers and equipment	\$72,655	\$71,365	3-5 years
Furniture and fixtures	41,470	30,270	7 years
Leasehold improvements	<u>3,580</u>	<u>3,580</u>	Life of lease
	117,705	105,215	
Less: accumulated depreciation	<u>(103,647)</u>	<u>(101,592)</u>	
Total fixed assets, net	<u>\$14,058</u>	<u>\$3,623</u>	

Note 5 - Paycheck Protection Program

During the year ended March 31, 2021, NYCC obtained a loan of \$174,875 from the Small Business Administration (“SBA”) through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. NYCC accounts for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended March 30, 2021, NYCC met all conditions for forgiveness and recognized the loan as revenue.

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. During the year ended March 31, 2022, NYCC held in-person fundraising events.

A summary of the special events proceeds is as follows:

	<u>3/31/22</u>	<u>3/31/21</u>
Gross revenue	\$60,435	\$85,195
Less: expenses with a direct benefit to donors	<u>(12,438)</u>	<u>0</u>
	47,997	85,195
Less: other event expenses	<u>0</u>	<u>(300)</u>
Total	<u>\$47,997</u>	<u>\$84,895</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, 2023	\$198,684
	March 31, 2024	198,684
	March 31, 2025	198,684
	March 31, 2026	<u>149,013</u>
	Total	<u>\$745,065</u>

Rent expense charged to operations was \$189,000 and \$198,000 for the years ended March 31, 2022 and March 31, 2021, 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 \$7,000 and \$5,000 for the years ended March 31, 2022 and March 31, 2021, respectively.

Note 9 - Availability and Liquidity

At March 31, 2022, financial assets available to meet cash needs for general expenditures within one year were \$349,736, which consisted of cash and cash equivalents of \$196,874, government grants receivable of \$88,828, and ERTC receivable of \$64,034. There are no external or internal limits imposed on these balances.

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.

Note 10 - Subsequent Events

Subsequent events have been evaluated through January 9, 2023, 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.