SCHALL & ASHENFARB Certified Public Accountants, LLC

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includenyc
Love, equity, and access for young people with disabilities

# RESOURCES FOR CHILDREN WITH SPECIAL NEEDS, INC.
# d/b/a INCLUDEnyc

Audited Financial Statements

December 31, 2021
and
December 31, 2020

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Resources for Children with Special Needs, Inc.
d/b/a INCLUDEnyc

***Opinion***

We have audited the accompanying financial statements of Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc (the "Organization"), which comprise the statement of financial position as of December 31, 2021 and December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 the Organization as of December 31, 2021 and December 31, 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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*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 audits.
- 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 audits 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 Organization'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 the Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

October 6, 2022

# RESOURCES FOR CHILDREN WITH SPECIAL NEEDS, INC.
# d/b/a INCLUDEnyc
## STATEMENTS OF FINANCIAL POSITION
## AT DECEMBER 31, 2021 AND 2020

| | 12/31/21 | 12/31/20 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $1,493,279 | $1,332,069 |
| Government grants receivable | 1,009,347 | 924,950 |
| Contributions receivable | 322,232 | 306,560 |
| Investments (Note 3) | 746,728 | 1,139,894 |
| Security deposit and prepaid expenses | 249,887 | 49,271 |
| Fixed assets, net of accumulated depreciation (Note 4) | 10,274 | 20,968 |
| Total assets | $3,831,747 | $3,773,712 |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | $191,071 | $178,909 |
| Paycheck Protection Program loan (Note 5) | 0 | 478,682 |
| Deferred rent | 1,247 | 15,928 |
| Total liabilities | 192,318 | 673,519 |
| Net assets: | | |
| Without donor restrictions | 2,778,803 | 2,743,899 |
| With donor restrictions: | | |
| For future programs and time periods (Note 6) | 628,000 | 150,000 |
| Donor restricted endowment (Notes 6 and 7) | 232,626 | 206,294 |
| Total net assets with donor restrictions | 860,626 | 356,294 |
| Total net assets | 3,639,429 | 3,100,193 |
| Total liabilities and net assets | $3,831,747 | $3,773,712 |

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

**RESOURCES FOR CHILDREN WITH SPECIAL NEEDS, INC.**
**d/b/a INCLUDEnyc**
**STATEMENTS OF ACTIVITIES**
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | 12/31/21 | 12/31/20 |
|---|---|---|
| Changes in net assets without donor restrictions: | | |
| Support and revenue: | | |
| Government grants | $3,269,326 | $3,135,536 |
| Foundation contributions | 220,500 | 959,334 |
| Individual donations | 510,134 | 339,468 |
| In-kind contributions (Note 2j) | 110,472 | 18,233 |
| Program service revenue | 9,051 | 37,934 |
| Forgiveness of Paycheck Protection Program Loan (Note 5) | 472,352 | 0 |
| Interest and dividend income | 17,087 | 16,658 |
| Net assets released from restrictions (Note 6) | 430,000 | 557,667 |
| Total support and revenue without donor restrictions | 5,038,922 | 5,064,830 |
| Expenses: | | |
| Program services | 3,993,229 | 3,455,346 |
| Management and general | 706,033 | 592,454 |
| Fundraising | 406,863 | 318,455 |
| Total expenses | 5,106,125 | 4,366,255 |
| Net (decrease)/increase in net assets without donor restrictions from operations | (67,203) | 698,575 |
| Non-operating activities: | | |
| Realized and unrealized gain on investments | 102,107 | 27,040 |
| Total non-operating activities | 102,107 | 27,040 |
| Net increase in net assets without donor restrictions | 34,904 | 725,615 |
| Changes in net assets with donor restrictions: | | |
| Foundation contributions | 908,000 | 150,000 |
| Interest and dividend income | 3,770 | 3,747 |
| Realized and unrealized gain on investments | 22,562 | 6,139 |
| Net assets released from restrictions | (430,000) | (557,667) |
| Net increase/(decrease) in net assets with donor restrictions | 504,332 | (397,781) |
| Net increase in total net assets | 539,236 | 327,834 |
| Net assets - beginning of year | 3,100,193 | 2,772,359 |
| Net assets - end of year | $3,639,429 | $3,100,193 |

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

**RESOURCES FOR CHILDREN WITH SPECIAL NEEDS, INC.**
**d/b/a INCLUDEnyc**
**STATEMENTS OF FUNCTIONAL EXPENSES**
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | December 31, 2021 | | | | December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total Expenses | Program Services | Management and General | Fundraising | Total Expenses |
| Salaries | $2,655,039 | $344,207 | $249,640 | $3,248,886 | $2,316,732 | $313,935 | $203,257 | $2,833,924 |
| Payroll taxes and benefits | 645,060 | 83,629 | 60,650 | 789,339 | 524,389 | 71,058 | 46,007 | 641,454 |
| Total personnel services | 3,300,099 | 427,836 | 310,290 | 4,038,225 | 2,841,121 | 384,993 | 249,264 | 3,475,378 |
| Printing, design and promotion | 9,774 | 105 | 8,817 | 18,696 | 10,192 | 316 | 10,879 | 21,387 |
| Occupancy | 246,748 | 31,989 | 23,200 | 301,937 | 246,739 | 33,435 | 21,648 | 301,822 |
| Sub-contractors | 55,449 | | | 55,449 | 60,092 | | | 60,092 |
| Professional fees and consultants (including in-kind) (Note 2j) | 146,431 | 187,152 | 36,349 | 369,932 | 106,374 | 105,362 | 12,468 | 224,204 |
| Postage, delivery and fulfillment | 388 | 334 | 2,867 | 3,589 | 1,926 | 611 | 2,320 | 4,857 |
| Equipment lease and rentals | 33,276 | 3,846 | 3,034 | 40,156 | 21,217 | 2,308 | 1,439 | 24,964 |
| Credit card processing fees | | 2,934 | | 2,934 | | 2,084 | | 2,084 |
| Dues and membership fees | 1,234 | 1,262 | 954 | 3,450 | 2,856 | 1,176 | 760 | 4,792 |
| Insurance | 3,606 | 8,366 | 319 | 12,291 | 7,324 | 4,881 | 443 | 12,648 |
| Office supplies and website | 134,456 | 31,963 | 15,522 | 181,941 | 70,793 | 32,760 | 13,504 | 117,057 |
| Program supplies | 7,306 | | | 7,306 | 5,687 | | | 5,687 |
| Space rentals | | | | 0 | 13,976 | | | 13,976 |
| Telephone and communications | 38,577 | 5,002 | 3,627 | 47,206 | 42,409 | 5,746 | 3,721 | 51,876 |
| Travel, conferences and meetings | 7,146 | 4,111 | 1,062 | 12,319 | 13,846 | 1,087 | 1,062 | 15,995 |
| Bad debt expense | | | | 0 | | 16,232 | | 16,232 |
| Depreciation | 8,739 | 1,133 | 822 | 10,694 | 10,794 | 1,463 | 947 | 13,204 |
| Total expenses | $3,993,229 | $706,033 | $406,863 | $5,106,125 | $3,455,346 | $592,454 | $318,455 | $4,366,255 |

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

# RESOURCES FOR CHILDREN WITH SPECIAL NEEDS, INC.
## d/b/a INCLUDEnyc
## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 12/31/21 | 12/31/20* |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $539,236 | $327,834 |
| Adjustments to reconcile change in net assets | | |
| to net cash (used for)/provided by operating activities: | | |
| Depreciation | 10,694 | 13,204 |
| Realized and unrealized gain on investments | (124,669) | (33,179) |
| Contribution restricted for equipment | 0 | (15,000) |
| Forgiveness of Paycheck Protection Program Loan | (472,352) | 0 |
| Changes in assets and liabilities: | | |
| Government grants receivable | (84,397) | 253,920 |
| Contributions receivable | (15,672) | (39,881) |
| Security deposit and prepaid expenses | (200,616) | 11,419 |
| Accounts payable and accrued expenses | 12,162 | 63,717 |
| Deferred rent | (14,681) | (11,357) |
| Total adjustments | (889,531) | 242,843 |
| Net cash (used for)/provided by operating activities | (350,295) | 570,677 |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | 0 | (18,890) |
| Proceeds from sale of investments | 560,000 | 0 |
| Purchase of investments | (42,165) | (45,245) |
| Net cash provided by/(used for) investing activities | 517,835 | (64,135) |
| Cash flows from financing activities: | | |
| Proceeds from Paycheck Protection Program loan | 0 | 478,682 |
| Principal payments on Paycheck Protection Program loan | (6,330) | 0 |
| Contribution restricted for equipment | 0 | 15,000 |
| Net cash (used for)/provided by financing activities | (6,330) | 493,682 |
| Net increase in cash and cash equivalents | 161,210 | 1,000,224 |
| Cash and cash equivalents - beginning of year | 1,332,069 | 331,845 |
| Cash and cash equivalents - end of year | $1,493,279 | $1,332,069 |
| Supplemental disclosure: | | |
| Interest & taxes paid | $96 | $0 |

*Reclassified for comparative purposes

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

## Note 1 - Organization

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc (the "Organization") was organized in New York on September 25, 1981 as a non-profit corporation, commencing services in 1983. The Organization's mission is to promote positive futures and enhance quality of life for young people with disabilities in New York City, ages birth through 26, and their families. The Organization empowers families of young people with any disability with the knowledge, confidence, and skills to make informed decisions, effectively access and navigate systems and services, and to advocate for themselves and other young people with disabilities and their families. The Organization supports educators, youth workers, and other professionals to partner with families for successful, person-centered services, and promotes a family voice in the policy process.

The Organization 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 recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation
The Organization reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. In previous years, the board designated a portion of net assets to the endowment to be retained for future appropriation. As the funds are internally designated, they are reflected on the financial statements as without donor restrictions.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to realized and unrealized gains on investments without donor restrictions.

d. Revenue Recognition

The Organization follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described 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 are received, they are classified as without donor restrictions.

The Organization records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year or at fair value using risk adjusted present value techniques if material and expected to be received after one year. As of December 31, 2021 and 2020, all unconditional promises to give are due within one year.

Government grants received by the Organization are conditional, non-exchange transactions and fall under FASB ASC 958-605. 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 deferred revenue.

Government grants 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. As of December 31, 2021, conditional grants that have not been recognized amounted to $2,048,882, of which $1,943,413 is conditioned upon qualifying expenses and $105,469 is conditioned upon conducting programmatic activity. As of December 31, 2020, conditional grants that have not been recognized amounted to $1,952,091, of which $1,865,716 is conditioned upon qualifying expenses and $86,375 is conditioned upon conducting programmatic activity.

The Organization follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. Program service revenue is recognized as the performance obligation is satisfied over the service period. Payments received in advance of performing services are recorded as deferred income and will be recognized as income in the period earned. Fees that have yet to be collected at year end are reflected as receivables.

Management has not established a reserve for uncollectible government grants and contributions receivables because all receivables are considered to be fully collectible based on specific analysis and historical experience. Write-offs, if any, will be recorded as expenses in the year they are deemed to be uncollectible.

e. Cash and Cash Equivalents
The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, which includes cash held in banks and money market funds other than those held by the investment manager.

f. Concentration of Credit Risk
Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with high-quality financial institutions that management deems to be creditworthy. Investments are subject to market value fluctuations and principal is not guaranteed. At times, balances may exceed federally insured limits. While at year end there were material uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.

g. Capitalization Policies
Items of property and equipment and leasehold improvements that have a long-term benefit and exceed certain predetermined levels are recorded at cost. Routine maintenance and repair costs that do not materially extend the estimated useful lives of property and equipment are expensed as incurred.

h. Investments
Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included as non-operating income. The Organization did not incur any investment fees during the years ended December 31, 2021 and December 31, 2020.

Donated securities are recorded at fair value on the date of the gift and, except as otherwise required by the donor, are immediately sold by the Organization. Since it is the Organization's policy to sell the donated securities upon receipt, the contributions are classified as operating activities in the statements of cash flows unless the donor restricts the use of the contributed resources to long-term purposes, in which case those cash receipts are classified as cash flows from financing activities. The Organization received donated stock of $21,362 and $24,994 during the years ended December 31, 2021 and 2020, respectively.

i. Deferred Rent
The Organization recognizes rent expense evenly over the life of the lease using the straight-line method and records deferred rent for the cumulative amount that expenses exceed actual payments. In the latter stages of the lease, deferred rent will be reduced as the amounts of payments exceed the expense recorded.

j. 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.

During the year ended December 31, 2021, the Organization received donated professional fees valued at $110,472, which was allocated to management and general. During the year ended December 31, 2020, the Organization received donated professional fees valued at $18,233, which was allocated to management and general.

The Organization pays for most services requiring specific expertise. Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria of in-kind services and have not been recorded in the financial statements.

k. 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.

l. 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 the Organization.

The following expenses were allocated using time and effort as the basis:

- Salaries

The following expenses were allocated using salaries as the basis:

- Payroll taxes and benefits
- Occupancy
- Professional fees and consultants – IT and cleaning services
- Equipment lease and rentals
- Telephone and communications
- Depreciation

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

m. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for years ended December 31, 2018 and later are subject to examination by applicable taxing authorities.

n. 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 December 31, 2022 year. 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.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the December 31, 2022 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.

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

**Note 3 - Investments**

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments:

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds – equities | $233,717 | $0 | $0 | $233,717 |
| Mutual funds – bonds | 141,176 | 0 | 0 | 141,176 |
| Exchange traded funds | 335,488 | 0 | 0 | 335,488 |
| Total | $710,381 | $0 | $0 | 710,381 |
| Money markets and other cash equivalents | | | | 36,347 |
| Total investments | | | | $746,728 |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Common stock | $14,168 | $0 | $0 | $14,168 |
| Mutual funds – equities | 385,353 | 0 | 0 | 385,353 |
| Mutual funds – bonds | 311,656 | 0 | 0 | 311,656 |
| Exchange traded funds | 407,104 | 0 | 0 | 407,104 |
| Total | $1,118,281 | $0 | $0 | 1,118,281 |
| Money markets and other cash equivalents | | | | 21,613 |
| Total investments | | | | $1,139,894 |

Level 1 securities are valued at the closing price reported on the active market that they are traded on.

**Note 4 - Fixed Assets**

Fixed assets consist of the following:

| | 12/31/21 | 12/31/20 |
|---|---|---|
| Equipment – *3 years* | $104,084 | $104,084 |
| Leasehold improvements – *life of lease* | 39,019 | 39,019 |
| | 143,103 | 143,103 |
| Less: accumulated depreciation | (132,829) | (122,135) |
| Total fixed assets, net | $10,274 | $20,968 |

**Note 5 - Paycheck Protection Program Loan**

During the year ended December 31, 2020, the Organization obtained a loan from the Small Business Administration ("SBA") in the amount of $478,682 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 greater than predetermined historical periods, that the loan, or a portion thereof, would be forgiven. Portions that were not forgiven would be payable over a two-year period, with a ten-month deferral of payments and interest accruing at 0.98%.

The Organization treats the PPP proceeds as a loan payable in accordance with FASB ASC 470. On June 29, 2021, the SBA approved partial forgiveness of the loan in the amount of $472,352, which was recognized as revenue on statement of activities. The Organization repaid the remaining principal balance of $6,330 during the year and there is no outstanding balance at December 31, 2021.

**Note 6 - Net Assets With Donor Restrictions**

The following summarizes the changes in net assets with donor restrictions:

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Balance 1/1/21 | Increases/ (Decreases) | Released from Restrictions | Balance 12/31/21 |
| Programs: | | | | |
| Equipment | $15,000 | $0 | ($15,000) | $0 |
| Youth Services | 50,000 | 303,000 | (52,500) | 300,500 |
| Parent and Family Services | 10,000 | 0 | (10,000) | 0 |
| Project Possibility | 50,000 | 550,000 | (300,000) | 300,000 |
| Total program restricted | 125,000 | 853,000 | (377,500) | 600,500 |
| Time restricted | 25,000 | 55,000 | (52,500) | 27,500 |
| Total restricted contributions | 150,000 | 908,000 | (430,000) | 628,000 |
| Endowment fund | 206,294 | 26,332 | 0 | 232,626 |
| Total restrictions | $356,294 | $934,332 | ($430,000) | $860,626 |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Balance 1/1/20 | Increases/ (Decreases) | Released from Restrictions | Balance 12/31/20 |
| Programs: | | | | |
| Equipment | $10,000 | $15,000 | ($10,000) | $15,000 |
| Youth Services | 100,000 | 50,000 | (100,000) | 50,000 |
| Parent and Family Services | 10,000 | 10,000 | (10,000) | 10,000 |
| Project Possibility | 260,000 | 50,000 | (260,000) | 50,000 |
| Total program restricted | 380,000 | 125,000 | (380,000) | 125,000 |
| Time restricted | 177,667 | 25,000 | (177,667) | 25,000 |
| Total restricted contributions | 557,667 | 150,000 | (557,667) | 150,000 |
| Endowment fund | 196,408 | 9,886 | 0 | 206,294 |
| Total restrictions | $754,075 | $159,886 | ($557,667) | $356,294 |

## Note 7 - Endowment

The endowment includes donations totaling $101,007 that were restricted by donors to be held in perpetuity and investments designated by the Board of Directors to be retained for future appropriation. The Organization has elected to pool this with investments that are part of its board designated net assets.

*Interpretation of Relevant Law*

The Organization follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the Board of Directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift will be preserved as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, the fair value of the original gift can be appropriated in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Organization classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the donor's intention.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the Board appropriates for expenditure; therefore, they have been classified in the class of net assets with donor restrictions.

*Spending Policies*

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Organization and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources available;
(7) The investment policies;
(8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

There is no formal spending policy, and interest, dividends and other market value gains are being accumulated for future appropriation, if deemed prudent and necessary.

Changes in endowment net assets are as follows:

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Board Designated | Donor Restricted Earnings | Donor Restricted Corpus | Total |
| Endowment net assets, beginning of year | $933,600 | $105,287 | $101,007 | $1,139,894 |
| Appropriations | (560,000) | 0 | 0 | (560,000) |
| Interest and dividend income | 17,064 | 3,770 | 0 | 20,834 |
| Donated stock/transfers in | 21,331 | 0 | 0 | 21,331 |
| Net gain on investments | 102,107 | 22,562 | 0 | 124,669 |
| Endowment net assets, end of year | $514,102 | $131,619 | $101,007 | $746,728 |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | Board Designated | Donor Restricted Earnings | Donor Restricted Corpus | Total |
| Endowment net assets, beginning of year | $865,062 | $95,401 | $101,007 | $1,061,470 |
| Interest and dividend income | 16,503 | 3,747 | 0 | 20,250 |
| Donated stock/transfers in | 24,995 | 0 | 0 | 24,995 |
| Net gain on investments | 27,040 | 6,139 | 0 | 33,179 |
| Endowment net assets, end of year | $933,600 | $105,287 | $101,007 | $1,139,894 |

*Endowment Investment Policies*

The investment policy for endowment assets is consistent with the investment policy of investments without donor restrictions. A total return strategy is used, and investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation strategy is used that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

*Funds with Deficiencies*

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 to be retained as a fund of perpetual duration. There were no such deficiencies as of December 31, 2021 or 2020.

**Note 8 - Commitments and Contingencies**

The Organization leases its main office space under a non-cancelable lease for specified base rents plus certain escalations including real estate taxes. The lease covered the period of February 2012 through January 2022. Additionally, the Organization sub-leased an additional space in the same building that originally covered the period of November 2019 through January 2022. Subsequent to year-end the Organization received an extension for both spaces through June 2022.

During the year ended December 31, 2021, the Organization entered into a new non-cancelable lease in a separate building for the period of June 2022 through May 2032.

Rent expense was $286,863 and $288,272 for the years ended December 31, 2021 and 2020, respectively.

Minimum future obligations are as follows:

| | | |
|---|---|---|
| Year ending: | December 31, 2022 | $370,248 |
| | December 31, 2023 | 396,002 |
| | December 31, 2024 | 402,932 |
| | December 31, 2025 | 409,983 |
| | December 31, 2026 | 417,158 |
| | Thereafter | 2,388,816 |
| Total | | $4,385,139 |

The Organization has access to a business revolving line of credit that has a maximum amount of $100,000 with interest payable at prime plus 1%. There were no outstanding amounts due on the line of credit at December 31, 2021 and December 31, 2020.

## Note 9 - Retirement Plan

The Organization maintains two tax deferred 403(b) retirement plans. Under the first plan, all employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. No employer contributions are made to the plan. The second plan, which became effective on January 1, 2015, also allows all employees to participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. The employer matches contributions to the plan up to 2%. The Organization contributed approximately $48,000 and $39,000 towards this plan during the years ended December 31, 2021 and 2020, respectively.

## Note 10 - Liquidity and Availability of Financial Resources

The Organization 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, the Organization operates its programs within a board approved budget and relies on grants, contributions, and earned income to fund its operations and program activities.

The following reflects the Organization's financial assets that are available to meet cash needs for general expenditures within one year:

| | 12/31/21 | 12/31/20 |
|---|---|---|
| Financial assets at year-end: | | |
| Cash and cash equivalents | $1,493,279 | $1,332,069 |
| Government grants and contributions receivable | 1,331,579 | 1,231,510 |
| Investments | 746,728 | 1,139,894 |
| Total financial assets | 3,571,586 | 3,703,473 |
| Less amounts not available for general expenditures: | | |
| Board designated endowment | (514,102) | (933,600) |
| Donor restricted endowment | (232,626) | (206,294) |
| Donor contributions restricted to specific purposes | (600,500) | (125,000) |
| Total amounts not available for general expenditures | (1,347,228) | (1,264,894) |
| Financial assets available to meet cash needs for general expenditures within one year | $2,224,358 | $2,438,579 |

The board designated fund is not considered available for general expenditures until it is appropriated for spending. The Organization's donor restricted endowment funds are held for long-term purposes; therefore, these assets are not considered available for general expenditures until they are appropriated for spending. In addition, the Organization also has a revolving line of credit of $100,000, which it could draw upon to help manage unanticipated liquidity needs.

**Note 11 - Subsequent Events**

Subsequent events have been evaluated through October 6, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

**Note 12 - 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 the Organization 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.