Accounting
Tax | Advisory

EXPECT MORE

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, 2022
and
December 31, 2021

Independent Auditor's 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, 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 the Organization as of December 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 Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements of the Organization for the year ended December 31, 2021 were audited by another auditor, who expressed an unmodified opinion on those statements on October 6, 2022.

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.

Auditor's 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 auditor's 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sax CPAs LLP

New York, NY
August 9, 2023

RESOURCES FOR CHILDREN WITH SPECIAL NEEDS, INC.
d/b/a INCLUDEnyc
STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2022 AND DECEMBER 31, 2021

	12/31/22	12/31/21
Assets		
Cash and cash equivalents	$1,231,436	$1,493,279
Government grants receivable	998,214	1,009,347
Contributions receivable	422,360	322,232
Security deposit and prepaid expenses	236,020	249,887
Fixed assets, net (Note 3)	88,408	10,274
Operating lease right-of-use asset (Note 4)	3,548,660	0
Investments (Note 5)	406,904	746,728
Total assets	$6,932,002	$3,831,747
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$122,672	$191,071
Deferred rent	0	1,247
Operating lease liability (Note 4)	3,532,171	0
Total liabilities	3,654,843	192,318
Net assets:		
Without donor restrictions	2,437,701	2,778,803
With donor restrictions:		
For future programs and time periods (Note 6)	635,000	628,000
Donor restricted endowment (Notes 6 and 7)	204,458	232,626
Total net assets with donor restrictions	839,458	860,626
Total net assets	3,277,159	3,639,429
Total liabilities and net assets	$6,932,002	$3,831,747

The attached notes and auditor's 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, 2022 AND DECEMBER 31, 2021

	12/31/22	12/31/21
Changes in net assets without donor restrictions:		
Support and revenue:		
Government grants	$3,447,808	$3,269,326
Foundation contributions	639,000	220,500
Individual donations	338,900	510,134
Special event income		
(net of expenses with a direct benefit to donor) (Note 8)	33,361	0
In-kind contributions (Note 2j)	267,770	110,472
Program service revenue	31,300	9,051
Forgiveness of Paycheck Protection Program Loan (Note 9)	0	472,352
Interest and dividend income	13,106	17,087
Other income	28,259	0
Net assets released from restrictions (Note 6)	638,000	430,000
Total support and revenue without donor restrictions	5,437,504	5,038,922
Expenses:		
Program services	4,163,048	3,993,229
Management and general	1,079,056	706,033
Fundraising	461,156	406,863
Total expenses	5,703,260	5,106,125
Net decrease in net assets without donor restrictions from operations	(265,756)	(67,203)
Non-operating activities:		
Realized and unrealized (loss)/gain on investments	(75,346)	102,107
Total non-operating activities	(75,346)	102,107
Net (decrease)/increase in net assets without donor restrictions	(341,102)	34,904
Changes in net assets with donor restrictions:		
Foundation contributions	645,000	908,000
Interest and dividend income	5,926	3,770
Realized and unrealized (loss)/gain on investments	(34,094)	22,562
Net assets released from restrictions	(638,000)	(430,000)
Net (decrease)/increase in net assets with donor restrictions	(21,168)	504,332
Net (decrease)/increase in total net assets	(362,270)	539,236
Net assets - beginning of year	3,639,429	3,100,193
Net assets - end of year	$3,277,159	$3,639,429

The attached notes and auditor's 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, 2022 AND DECEMBER 31, 2021

	December 31, 2022				December 31, 2021			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries	$2,711,142	$421,868	$275,221	$3,408,231	$2,655,039	$344,207	$249,640	$3,248,886
Payroll taxes and employee benefits	708,229	110,205	71,896	890,330	645,060	83,629	60,650	789,339
Total personnel services	3,419,371	532,073	347,117	4,298,561	3,300,099	427,836	310,290	4,038,225
Printing, design and promotion	2,368	4,673	19,776	26,817	9,774	105	8,817	18,696
Occupancy	340,826	53,035	34,599	428,460	246,748	31,989	23,200	301,937
Sub-contractors	73,351			73,351	55,449			55,449
Professional fees and consultants (including in-kind) (Note 2j)	146,714	326,955	11,752	485,421	146,431	187,152	36,349	369,932
Postage, delivery and fulfillment	978	522	6,734	8,234	388	334	2,867	3,589
Equipment lease and rentals	19,392	2,375	1,901	23,668	33,276	3,846	3,034	40,156
Credit card processing fees		1,186		1,186		2,934		2,934
Dues and membership fees	1,988	5,159	1,263	8,410	1,234	1,262	954	3,450
Insurance	12,832	1,454	1,309	15,595	3,606	8,366	319	12,291
Office supplies and website	52,744	107,820	19,685	180,249	134,456	31,963	15,522	181,941
Program supplies	16,347			16,347	7,306			7,306
Event expense			84,025	84,025				0
Telephone and communications	23,750	3,695	2,411	29,856	38,577	5,002	3,627	47,206
Travel, conferences and meetings	8,813	3,228	161	12,202	7,146	4,111	1,062	12,319
Office relocation	28,961	4,506	2,940	36,407				0
Bad debt expense		30,101		30,101				0
Depreciation	14,613	2,274	1,483	18,370	8,739	1,133	822	10,694
Total expenses	4,163,048	1,079,056	535,156	5,777,260	3,993,229	706,033	406,863	5,106,125
Less: direct costs of special events netted with revenue (Note 8)			(74,000)	(74,000)				0
Total expenses for statement of activities	$4,163,048	$1,079,056	$461,156	$5,703,260	$3,993,229	$706,033	$406,863	$5,106,125

The attached notes and auditor's 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, 2022 AND DECEMBER 31, 2021

	12/31/22	12/31/21
Cash flows from operating activities:		
Change in net assets	($362,270)	$539,236
Adjustments to reconcile change in net assets		
to net cash used for operating activities:		
Depreciation	18,370	10,694
Realized and unrealized loss/(gain) on investments	109,440	(124,669)
Loss on disposal	3,147	0
Forgiveness of Paycheck Protection Program Loan	0	(472,352)
Changes in assets and liabilities:		
Government grants receivable	11,133	(84,397)
Contributions receivable	(100,128)	(15,672)
Security deposit and prepaid expenses	13,867	(200,616)
Operating lease right-of-use asset and liability	(16,489)	0
Accounts payable and accrued expenses	(68,399)	12,162
Deferred rent	(1,247)	(14,681)
Total adjustments	(30,306)	(889,531)
Net cash used for operating activities	(392,576)	(350,295)
Cash flows from investing activities:		
Purchase of fixed assets	(99,651)	0
Proceeds from sale of investments	264,000	560,000
Purchase of investments	(33,616)	(42,165)
Net cash provided by investing activities	130,733	517,835
Cash flows from financing activities:		
Principal payments on Paycheck Protection Program loan	0	(6,330)
Net cash used for financing activities	0	(6,330)
Net (decrease)/increase in cash and cash equivalents	(261,843)	161,210
Cash and cash equivalents - beginning of year	1,493,279	1,332,069
Cash and cash equivalents - end of year	$1,231,436	$1,493,279
Supplemental disclosure:		
Interest & taxes paid	$0	$96

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

RESOURCES FOR CHILDREN WITH SPECIAL NEEDS, INC.
d/b/a INCLUDEnyc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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. Recently Adopted Accounting Standards
Effective January 1 2022, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases,* which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected transition relief that allows entities, in the period of adoption, to present the current period under ASC 842 and the comparative period under ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

As a result of implementing FASB ASU No. 2016-02, the Organization recognized right-of-use ("ROU") assets of $15,334 and lease liabilities totaling $16,581 in its statement of financial position as of January 1, 2022 for a lease for space that expired on June 30, 2022. The Organization also adopted the ASU for a new lease that commenced on July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Effective January 1, 2022, the Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. 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. Adoption of this standard did not have a material impact on the Organization's financial statements.

c. 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.

d. 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.

e. Revenue Recognition

The Organization follows the FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded when a contribution 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, 2022 and 2021, 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, 2022, conditional grants that have not been recognized amounted to approximately $6,457,000, which is conditioned upon incurring qualifying expenses. As of December 31, 2021, conditional grants that have not been recognized amounted to approximately $9,999,000, of which $9,894,000 is conditioned upon incurring qualifying expenses and $105,000 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.

f. <u>Cash and Cash Equivalents</u>

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.

g. <u>Significant Concentrations</u>

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.

The market value of investments is subject to fluctuation; however, management believes that their investment policy is prudent for the long-term welfare of the Organization.

Contributions from the Organization’s four largest donors consisted of 72% of foundation revenue in 2022 and 71% of the related contributions receivable balance at December 31, 2022. Contributions from the Organization’s two largest donors consisted of 78% of foundation revenue in 2021 and 62% of the related contributions receivable balance at December 31, 2021.

In addition, one government agency had a receivable balances that consisted of 75% and 72% of government grants receivable as of December 31, 2022 and 2021, respectively. Government grant revenue from this agency consisted of 82% and 81% of total government grants revenue for the years ended December 31, 2022 and 2021, respectively.

h. Capitalization Policies

Items of property and equipment and leasehold improvements that have a long-term benefit and exceed $5,000 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.

i. 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, 2022 and December 31, 2021.

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.

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 years ended December 31, 2022 and December 31, 2021, the Organization received donated legal services valued at $267,770 and $110,472, respectively. Contributed services are valued at the estimated fair value based on comparable prices for retaining similar services in the New York City Metropolitan area. There were no associated donor restrictions.

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 employee benefits
- Occupancy
- Professional fees and consultants – IT and cleaning services
- Equipment lease and rentals
- Telephone and communications
- Office relocation
- 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, 2019 and later are subject to examination by applicable taxing authorities.

n. Advertising Costs

Advertising costs are expensed as incurred.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	12/31/22	12/31/21
Equipment – *3 years*	$99,651	$104,084
Leasehold improvements – *life of lease*	0	39,019
	99,651	143,103
Less: accumulated depreciation	(11,243)	(132,829)
Total fixed assets, net	$88,408	$10,274

Note 4 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. Starting July 1, 2022, the Organization started leasing office space in New York, NY under a non-cancelable lease, which expires on June 30, 2032 and has been determined to be an operating lease. The lease term excludes a five-year extension, available at the Organization's option, which it is not reasonably certain to exercise. Therefore, the payments associated with the extension are not included in the ROU asset nor the lease liability recognized as of December 31, 2022.

The ROU assets represent the Organization's right to use the underlying asset for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from this lease. The ROU asset and lease liability were calculated based on the present value of future lease payments over the lease terms. As of December 31, 2022, the weighted-average remaining lease term for the Organization's operating leases was 9.5 years. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022 was 2.88%.

For the year ended December 31, 2022, total operating lease cost was $358,003. The Organization leases additional space on a month-to-month basis. The short-term lease costs during the year ended December 31, 2022 is $32,870.

Cash paid for operating leases for the year ended December 31, 2022 was $406,237. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b.

Future maturities of lease liabilities are presented in the following table:

Year ending:	December 31, 2023	$395,430
	December 31, 2024	402,350
	December 31, 2025	409,391
	December 31, 2026	416,555
	December 31, 2027	423,845
	Thereafter	1,999,985
	Total lease payments	4,047,556
	Less present value discount	515,385
	Total lease obligations	$3,532,171

The Organization leased 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. The Organization received an extension for both spaces through June 2022.

Rent expense under FASB ASC 840 (pre-adoption of the new standards) for operating leases totaled $390,873 for the year ended December 31, 2021. The aggregate minimum lease payments under those operating leases as of December 31, 2021, was $141,581 for the year ended December 31, 2022.

Note 5 - Investments and Fair Value Measurements

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, 2022			
	Level 1	Level 2	Level 3	Total
Money markets and other cash equivalents	$22,204	$0	$0	$22,204
Mutual funds – equities	117,976	0	0	117,976
Mutual funds – bonds	77,861	0	0	77,861
Exchange traded funds	188,863	0	0	188,863
Total investments	$406,904	$0	$0	$406,904

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Money markets and other cash equivalents	$36,347	$0	$0	$36,347
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 investments	$746,728	$0	$0	$746,728

Level 1 securities are valued using the quoted prices in active markets for identical assets. Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 6 - Net Assets With Donor Restrictions

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

	December 31, 2022			
	Balance 1/1/22	Increases/ (Decreases)	Released from Restrictions	Balance 12/31/22
Programs:				
Youth Services	$300,500	$210,000	($300,500)	$210,000
Parent and Family Services	0	85,000	(0)	85,000
Project Possibility	300,000	50,000	(310,000)	40,000
Total program restricted	600,500	345,000	(610,500)	335,000
Time restricted	27,500	300,000	(27,500)	300,000
Total restricted contributions	628,000	645,000	(638,000)	635,000
Endowment fund	232,626	(28,168)	(0)	204,458
Total restrictions	$860,626	$616,832	($638,000)	$839,458

	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

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, 2022			
	Board Designated	Donor Restricted Earnings	Donor Restricted Corpus	Total
Endowment net assets, beginning of year	$514,102	$131,619	$101,007	$746,728
Appropriations	(264,000)	0	0	(264,000)
Interest and dividend income	13,096	5,926	0	19,022
Donated stock/transfers in	14,594	0	0	14,594
Net loss on investments	(75,346)	(34,094)	0	(109,440)
Endowment net assets, end of year	$202,446	$103,451	$101,007	$406,904

	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

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, 2022 or 2021.

Note 8 - Special Events

The special events proceeds are summarized as follows:

	12/31/22
Gross revenue	$107,361
Less: expenses with a direct benefit to donor	(74,000)
	33,361
Less: other event expenses	(10,025)
Total	$23,336

There was no special event held in 2021.

Note 9 - 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. The Organization treated 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 the statement of activities in 2021. The Organization repaid the remaining principal balance of $6,330 during 2021 and there was no outstanding balance at year-end.

Note 10 - 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 $47,000 and $48,000 towards this plan during the years ended December 31, 2022 and 2021, respectively.

Note 11 - Commitments and Contingencies

Government grants are subject to audit by various governmental agencies. Management is of the opinion that expense adjustments, if any, resulting from governmental agency audits, will not be material. Disallowances and adjustments, if any, resulting from such audits will be reflected in the financial statements in the year of settlement. As such, no reserves have been recorded.

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. The line of credit closed during December 2021.

Note 12 - 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:

	12/31/22	12/31/21
Financial assets at year-end:		
Cash and cash equivalents	$1,231,436	$1,493,279
Government grants receivable	998,214	1,009,347
Contributions receivable	422,360	322,232
Investments	406,904	746,728
Total financial assets	3,058,914	3,571,586
Less amounts not available for general expenditures:		
Board designated endowment	(202,446)	(514,102)
Donor restricted endowment	(204,458)	(232,626)
Donor contributions restricted to specific purposes	(335,000)	(600,500)
Total amounts not available for general expenditures	(741,904)	(1,347,228)
Financial assets available to meet cash needs for general expenditures within one year	$2,317,010	$2,224,358

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.

Note 13 - Subsequent Events

Subsequent events have been evaluated through August 9, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.