

**Resources for Children with Special Needs, Inc.
d/b/a INCLUDEnyc**

Audited Financial Statements

December 31, 2024 and 2023

**Resources for Children with Special Needs, Inc.
d/b/a INCLUDEnyc**

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Independent Auditor's Report

To the Board of Directors
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, 2024 and 2023 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, 2024 and 2023, 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 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.

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 GAAS 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
July 7, 2025

**Resources for Children with Special Needs, Inc.
d/b/a INCLUDEnyc**

Statements of Financial Position

At December 31, 2024 and 2023

	December 31,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 736,209	\$ 858,267
Government grants receivable	1,767,028	1,213,141
Contributions receivable	1,026,456	561,400
Security deposit and prepaid expenses	104,509	108,236
Property and equipment, net	89,956	112,642
Operating lease right-of-use asset	2,852,509	3,188,533
Endowment investments	1,439,148	387,058
TOTAL ASSETS	\$ 8,015,815	\$ 6,429,277
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 91,162	\$ 49,892
Conditional contributions	21,200	7,500
Line of credit payable	100,000	-
Operating lease liability	2,919,618	3,233,637
Total liabilities	3,131,980	3,291,029
NET ASSETS		
Without donor restrictions	2,890,543	2,107,818
With donor restrictions:		
For future programs and time periods	1,706,250	798,333
Donor restricted endowment	287,042	232,097
Total net assets with donor restrictions	1,993,292	1,030,430
Total net assets	4,883,835	3,138,248
TOTAL LIABILITIES AND NET ASSETS	\$ 8,015,815	\$ 6,429,277

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, 2024 and 2023

	<u>Total 12/31/24</u>	<u>Total 12/31/23</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Government grants	\$ 3,532,396	\$ 3,837,303
Foundation contributions	2,173,000	305,000
Individual donations	202,467	266,011
Special event income		
(net of expenses with a direct benefit to donor)	59,915	49,243
In-kind contributions	28,381	125,718
Program service revenue	100,648	43,629
Interest and dividend income	38,775	11,127
Other income	5,390	-
Net assets released from restrictions	692,083	771,667
Total support and revenue without donor restrictions	<u>6,833,055</u>	<u>5,409,698</u>
EXPENSES		
Program services	4,617,443	4,457,947
Management and general	928,244	767,663
Fundraising	513,013	530,212
Total expenses	<u>6,058,700</u>	<u>5,755,822</u>
Net increase/(decrease) in net assets without donor restrictions from operations	<u>774,355</u>	<u>(346,124)</u>
NON-OPERATING ACTIVITIES		
Realized and unrealized gain on investments	8,370	16,241
Total non-operating activities	<u>8,370</u>	<u>16,241</u>
Net increase/(decrease) in net assets without donor restrictions	<u>782,725</u>	<u>(329,883)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Foundation contributions	1,600,000	935,000
Interest and dividend income	42,408	11,237
Realized and unrealized gain on investments	12,537	16,402
Net assets released from restrictions	(692,083)	(771,667)
Net increase in net assets with donor restrictions	<u>962,862</u>	<u>190,972</u>
Net increase/(decrease) in total net assets	1,745,587	(138,911)
NET ASSETS, <i>beginning of year</i>	<u>3,138,248</u>	<u>3,277,159</u>
NET ASSETS, <i>end of year</i>	<u><u>\$ 4,883,835</u></u>	<u><u>\$ 3,138,248</u></u>

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, 2024 and 2023

	December 31, 2024				December 31, 2023			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 3,028,890	\$ 506,343	\$ 336,900	\$ 3,872,133	\$ 3,010,776	\$ 348,726	\$ 353,041	\$ 3,712,543
Payroll taxes and employee benefits	796,510	132,752	91,905	1,021,167	721,599	83,580	84,614	889,793
Total personnel services	3,825,400	639,095	428,805	4,893,300	3,732,375	432,306	437,655	4,602,336
Printing, design and promotion	2,877	259	5,987	9,123	3,769	688	5,022	9,479
Occupancy	398,611	66,435	45,994	511,040	378,204	43,806	44,348	466,358
Sub-contractors	76,950	-	-	76,950	71,779	-	-	71,779
Professional fees and consultants (including in-kind)	125,747	176,320	6,904	308,971	95,893	212,820	25,714	334,427
Postage, delivery and fulfillment	1,892	498	263	2,653	2,370	454	497	3,321
Equipment lease and rentals	14,639	2,834	891	18,364	17,677	1,730	1,784	21,191
Credit card and bank fees	45	3,935	-	3,980	-	11,156	-	11,156
Dues and membership fees	-	-	-	-	5,226	2,338	1,122	8,686
Insurance	27,612	4,602	3,186	35,400	26,913	2,086	2,486	31,485
Office supplies and website	2,969	2,251	190	5,410	7,282	37,925	612	45,819
Program supplies	15,832	-	564	16,396	5,599	-	-	5,599
Event expense	-	-	12,027	12,027	-	-	5,021	5,021
Technology and telecoms	58,192	12,563	12,972	83,727	61,256	13,696	4,968	79,920
Travel, conferences and meetings	23,656	3,748	227	27,631	15,870	1,601	1,019	18,490
Bad debt expense	-	8,534	-	8,534	-	3,150	-	3,150
Depreciation	43,021	7,170	4,964	55,155	33,734	3,907	3,956	41,597
Total expenses	4,617,443	928,244	522,974	6,068,661	4,457,947	767,663	534,204	5,759,814
Less: direct costs of special events netted with revenue	-	-	(9,961)	(9,961)	-	-	(3,992)	(3,992)
Total expenses for statement of activities	\$ 4,617,443	\$ 928,244	\$ 513,013	\$ 6,058,700	\$ 4,457,947	\$ 767,663	\$ 530,212	\$ 5,755,822

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, 2024 and 2023

	December 31,	
	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,745,587	\$ (138,911)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	55,155	41,597
Realized and unrealized gain on investments	(20,907)	(32,643)
Changes in assets and liabilities:		
Government grants receivable	(553,887)	(214,927)
Contributions receivable	(465,056)	(139,040)
Security deposit and prepaid expenses	3,727	127,784
Operating lease right-of-use asset and liability	22,005	61,593
Accounts payable and accrued expenses	41,270	(72,780)
Conditional contributions	13,700	7,500
Total adjustments	<u>(903,993)</u>	<u>(220,916)</u>
Net cash provided by/(used for) operating activities	<u>841,594</u>	<u>(359,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(32,468)	(65,831)
Proceeds from sale of investments	650,000	100,000
Purchase of investments	(1,681,184)	(47,511)
Net cash used for investing activities	<u>(1,063,652)</u>	<u>(13,342)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on line of credit	200,000	-
Repayments on line of credit	(100,000)	-
Net cash provided by financing activities	<u>100,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(122,058)	(373,169)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>858,267</u>	<u>1,231,436</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 736,209</u>	<u>\$ 858,267</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 1,418</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

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, 2024 and 2023

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 primary sources of revenue are contributions, government grants and investment return.

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 and Presentation

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.

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific 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.

b. 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.

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies - Continued

c. Revenue Recognition

The Organization follows the FASB ASC 958-605 - *Revenue Recognition* 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.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. Payments received in advance of conditions being met are recorded as conditional contributions on the statement of financial position.

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.

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 government grant advances on the statement of financial position.

Special event revenue is comprised of payments received from third parties to support and/or attend fundraising events. Special event revenue includes an exchange transaction component for the value of the goods and services rendered, which follows revenue recognition guidance under FASB ASC 606 - *Revenue from Contracts with Customers*. The amount paid by third parties that is above the value of goods or services is considered a contribution. Revenue is recognized at the time the fundraising event occurs.

The Organization follows FASB ASC 606 for recording program service revenue. Program service revenue is analyzed to determine that the Organization has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

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.

d. 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.

**Resources for Children with Special Needs, Inc.
d/b/a INCLUDEnyc**

Notes to Financial Statements

December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies - Continued

e. Significant Concentrations

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. The Organization maintains its cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. 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 two largest donors comprised 80% of foundation revenue in 2024 and 88% of the related contributions receivable balance at December 31, 2024. Contributions from the Organization's three largest donors comprised 68% of foundation revenue in 2023 and 46% of the related contributions receivable balance at December 31, 2023.

In addition, one government agency had receivable balances that comprised 84% and 77% of government grants receivable as of December 31, 2024 and 2023, respectively. Government grant revenue from this agency comprised 78% and 81% of total government grants revenue for the years ended December 31, 2024 and 2023, respectively. Government grant funding is not guaranteed, and discontinued funding from government agencies would have a significant impact on the Organization.

f. 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.

g. Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid and accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

**Resources for Children with Special Needs, Inc.
d/b/a INCLUDEnyc**

Notes to Financial Statements

December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies - Continued

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 advisory fees during the years ended December 31, 2024 and 2023.

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.

i. 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. See Note 10 for further information.

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.

j. 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.

k. 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

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies - Continued

k. Functional Allocation of Expenses - Continued

The following expenses were allocated based on the number of employees by function as the basis:

- Occupancy
- Professional fees and consultants - IT and cleaning services
- Insurance
- Depreciation

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

l. 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, 2021 and later are subject to examination by applicable taxing authorities.

Note 3 - Contributions Receivable

Contributions receivable are due to be collected in the following years:

Year ending:	December 31,	
	2024	2023
December 31, 2024	\$ -	\$ 561,400
December 31, 2025	426,456	-
December 31, 2026	300,000	-
December 31, 2027	300,000	-
Total contributions receivable	<u>\$ 1,026,456</u>	<u>\$ 561,400</u>

Contributions receivable at December 31, 2024 and 2023 have not been discounted using present value techniques due to the immaterial nature of the discount.

Note 4 - Property and Equipment

	December 31,	
	2024	2023
Equipment - 3 years	\$ 164,112	\$ 144,419
Leasehold improvements - life of lease	33,839	21,064
	<u>197,951</u>	<u>165,483</u>
Less: accumulated depreciation	<u>(107,995)</u>	<u>(52,841)</u>
Total property and equipment, net	<u>\$ 89,956</u>	<u>\$ 112,642</u>

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 5 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. The Organization occupies 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 includes 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, 2024.

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, 2024 and 2023, the weighted-average remaining lease term for the Organization's operating leases was 7.5 years and 8.5 years, respectively. 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, 2024 and 2023 was 2.88%.

For the years ended December 31, 2024 and 2023, total operating lease cost was approximately \$424,000. The Organization leases additional space on a month-to-month basis. Because these leases are short-term in nature, having lease terms of 12 months or less, the Organization recognizes lease expense on the straight-line basis as incurred. The short-term lease costs during the years ended December 31, 2024 and 2023 are approximately \$34,000 and 17,000, respectively.

Cash paid for operating leases for the years ended December 31, 2024 and 2023 was approximately \$402,000 and \$363,000, respectively. There were no noncash investing and financing transactions related to leasing.

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

Year ending:		
	December 31, 2025	\$ 409,391
	December 31, 2026	416,555
	December 31, 2027	423,845
	December 31, 2028	431,263
	December 31, 2029	438,810
	Thereafter	<u>1,129,913</u>
	Total lease payments	3,249,777
	Less present value discount	<u>(330,159)</u>
	Total lease obligations	<u><u>\$ 2,919,618</u></u>

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 6 - Investment 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, 2024				
	Level 1	Level 2	Level 3	Total
Money markets and other cash equivalents	\$ 29,070	\$ -	\$ -	\$ 29,070
Equities	10,065	-	-	10,065
Fixed income	49,716	-	-	49,716
Mutual funds - equities	462,802	-	-	462,802
Mutual funds - bonds	215,909	-	-	215,909
Exchange traded funds	671,586	-	-	671,586
Total investments	<u>\$ 1,439,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,439,148</u>

December 31, 2023				
	Level 1	Level 2	Level 3	Total
Money markets and other cash equivalents	\$ 9,494	\$ -	\$ -	\$ 9,494
Equities	24,918	-	-	24,918
Mutual funds - equities	110,050	-	-	110,050
Mutual funds - bonds	53,215	-	-	53,215
Exchange traded funds	189,381	-	-	189,381
Total investments	<u>\$ 387,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,058</u>

Level 1 securities are valued using the quoted prices in active markets for identical assets. Management believes the fair value of these investments to be a reasonable approximation of their exit price.

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 7 - Net Assets With Donor Restrictions

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

December 31, 2024				
	Balance 1/1/24	Increases/ (Decreases)	Released from Restrictions	Balance 12/31/24
Programs:				
Youth Services	\$ 718,333	\$ 185,000	\$ (548,333)	\$ 355,000
Parent and Family Services	70,000	55,000	(83,750)	41,250
Infrastructure	-	10,000	-	10,000
Total program restricted	788,333	250,000	(632,083)	406,250
Time restricted	10,000	1,350,000	(60,000)	1,300,000
Total restricted contributions	798,333	1,600,000	(692,083)	1,706,250
Endowment fund	232,097	54,945	-	287,042
Total restrictions	<u>\$ 1,030,430</u>	<u>\$ 1,654,945</u>	<u>\$ (692,083)</u>	<u>\$ 1,993,292</u>
December 31, 2023				
	Balance 1/1/23	Increases/ (Decreases)	Released from Restrictions	Balance 12/31/23
Programs:				
Youth Services	\$ 250,000	\$ 880,000	\$ (411,667)	\$ 718,333
Parent and Family Services	85,000	45,000	(60,000)	70,000
Total program restricted	335,000	925,000	(471,667)	788,333
Time restricted	300,000	10,000	(300,000)	10,000
Total restricted contributions	635,000	935,000	(771,667)	798,333
Endowment fund	204,458	27,639	-	232,097
Total restrictions	<u>\$ 839,458</u>	<u>\$ 962,639</u>	<u>\$ (771,667)</u>	<u>\$ 1,030,430</u>

Note 8 - 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.

Resources for Children with Special Needs, Inc. d/b/a INCLUDENyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 8 - Endowment - Continued

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, 2024				
	Without Donor Restrictions	With Donor Restrictions			
	Board Designated	Donor Restricted Earnings	Donor Restricted Corpus	Total With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 154,961	\$ 131,090	\$ 101,007	\$ 232,097	\$ 387,058
Appropriations	(650,000)	-	-	-	(650,000)
Transfers in	1,600,000	-	-	-	1,600,000
Interest and dividend income	38,775	42,408	-	42,408	81,183
Net gain on investments	8,370	12,537	-	12,537	20,907
Endowment net assets, end of year	<u>\$ 1,152,106</u>	<u>\$ 186,035</u>	<u>\$ 101,007</u>	<u>\$ 287,042</u>	<u>\$ 1,439,148</u>

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 8 - Endowment - Continued

	December 31, 2023				
	Without Donor Restrictions	With Donor Restrictions			
	Board Designated	Donor Restricted Earnings	Donor Restricted Corpus	Total With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 202,446	\$ 103,451	\$ 101,007	\$ 204,458	\$ 406,904
Appropriations	(100,000)	-	-	-	(100,000)
Interest and dividend income	11,127	11,237	-	11,237	22,364
Donated stock/transfers in	25,147	-	-	-	25,147
Net gain on investments	16,241	16,402	-	16,402	32,643
Endowment net assets, end of year	<u>\$ 154,961</u>	<u>\$ 131,090</u>	<u>\$ 101,007</u>	<u>\$ 232,097</u>	<u>\$ 387,058</u>

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, 2024 or 2023.

Note 9 - Special Events

The special events proceeds are summarized as follows:

	December 31,	
	2024	2023
Gross revenue	\$ 69,876	\$ 53,235
Less: expenses with a direct benefit to donor	(9,961)	(3,992)
	59,915	49,243
Less: other event expenses	(2,066)	(1,029)
Total	<u>\$ 57,849</u>	<u>\$ 48,214</u>

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 10 - In-kind Contributions

During the years ended December 31, 2024 and 2023, the Organization received donated legal services valued at \$28,381 and \$112,690, 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 and expenses were charged to management and general on the statement of functional expenses.

During the year ended December 31, 2023, the Organization also received donated auction items valued at \$13,028 for the Organization's special events. The Organization did not receive donated auction items during the year ended December 31, 2024. Donated auction items are valued using available pricing information available in active markets for the donated items. There were no associated donor restrictions and expenses were charged to fundraising on the statement of functional expenses.

Note 11 - Retirement Plan

The Organization maintains a tax deferred 403(b) retirement plan. The plan, which became effective on January 1, 2015, 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 3%. The Organization contributed approximately \$69,000 and \$57,000 towards this plan during the years ended December 31, 2024 and 2023, respectively.

Note 12 - 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 8.75%. The amount outstanding due on the line of credit at December 31, 2024 was \$100,000. There was no outstanding amount due on the line of credit at December 31, 2023.

Note 13 - 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.

Resources for Children with Special Needs, Inc. d/b/a INCLUDEnyc

Notes to Financial Statements

December 31, 2024 and 2023

Note 13 - Liquidity and Availability of Financial Resources - Continued

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

	December 31,	
	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 736,209	\$ 858,267
Government grants receivable	1,767,028	1,213,141
Contributions receivable due within one year	426,456	561,400
Investments	1,439,148	387,058
 Total financial assets	 4,368,841	 3,019,866
 Less amounts not available for general expenditures:		
Board designated endowment	(1,152,106)	(154,961)
Donor restricted endowment	(287,042)	(232,097)
Donor contributions restricted to specific purposes	(406,250)	(788,333)
 Total amounts not available for general expenditures	 (1,845,398)	 (1,175,391)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 2,523,443	 \$ 1,844,475

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 14 - Subsequent Events

Subsequent events have been evaluated through July 7, 2025, 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.