

New Yorkers For Children, Inc.

Financial Report
December 31, 2016

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Independent Auditor's Report

RSM US LLP

Board of Directors
New Yorkers For Children, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Yorkers For Children, Inc., which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Yorkers For Children, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

New York, New York
June 20, 2017

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New Yorkers For Children, Inc.

**Statement of Financial Position
December 31, 2016**

Assets

Cash and cash equivalents	\$ 2,506,783
Contributions receivable	1,955,515
Investments	1,812,736
Prepaid expenses and other current assets	206,291
Restricted investments	850,950
Security deposit	29,380
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Total assets	\$ 7,361,655

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 177,212
Grants payable	323,637
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Total liabilities	500,849

Commitments and contingencies

Net assets:

Unrestricted	2,167,522
Temporarily restricted	3,842,334
Permanently restricted	850,950
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Total net assets	6,860,806

Total liabilities and net assets	\$ 7,361,655
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See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Activities
Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Individual contributions	\$ 79,114	\$ 12,271	\$ -	\$ 91,385
Foundation and business organization contributions	87,981	3,021,869	100,950	3,210,800
Gross special events revenue	1,466,000	380,100	-	1,846,100
Less direct benefits to donors (including \$73,155 of in-kind items)	(452,515)	-	-	(452,515)
Net revenue from special events	1,013,485	380,100	-	1,393,585
Net realized and unrealized gains on investments	120,934	13,533	-	134,467
Interest and dividend income	22,477	23,045	-	45,522
Other income	22,976	-	-	22,976
Net assets released from restrictions	1,239,032	(1,239,032)	-	-
Total support and revenue	2,585,999	2,211,786	100,950	4,898,735
Expenses:				
Program services	1,587,879	-	-	1,587,879
Management and general	547,457	-	-	547,457
Fundraising	459,766	-	-	459,766
Total expenses	2,595,102	-	-	2,595,102
Change in net assets	(9,103)	2,211,786	100,950	2,303,633
Net assets, beginning of year	2,176,625	1,630,548	750,000	4,557,173
Net assets, end of year	\$ 2,167,522	\$ 3,842,334	\$ 850,950	\$ 6,860,806

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2016**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 140,642	\$ 286,085	\$ 144,138	\$ 570,865
Payroll taxes and employee benefits	35,275	71,755	36,152	143,182
Back to school packages	257,577	-	-	257,577
Database management	-	-	8,514	8,514
Depreciation	1,747	3,552	1,791	7,090
Dues and subscriptions	-	865	2,698	3,563
Indirect event expense	-	-	75,167	75,167
Insurance	-	7,730	-	7,730
Miscellaneous expenses	797	345	-	1,142
Grants	107,979	-	-	107,979
Occupancy	35,481	72,156	36,359	143,996
Office expenses	4,571	14,570	5,592	24,733
Printing and postage	2,243	4,562	2,320	9,125
Professional fees	11,544	66,017	143,546	221,107
Program events	46,066	-	-	46,066
Program service consultants	591,999	-	-	591,999
Program stipends	172,961	-	-	172,961
Program supplies	16,707	-	-	16,707
Program transportation	4,955	-	-	4,955
Program tuition and tutoring	68,298	-	-	68,298
Repairs and maintenance	169	343	173	685
Scholarships	27,817	-	-	27,817
Training	225	838	-	1,063
Travel	-	1,001	816	1,817
Program In-Kind	10,826	-	-	10,826
Bad debt	50,000	-	2,500	52,500
Other fees	-	17,638	-	17,638
Total expenses before direct benefits to donors	1,587,879	547,457	459,766	2,595,102
Cost of direct benefits to donors	-	-	452,515	452,515
Total 2016 expenses	\$ 1,587,879	\$ 547,457	\$ 912,281	\$ 3,047,617

See notes to financial statements.

New Yorkers For Children, Inc.

Statement of Cash Flows
Year Ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ 2,303,633
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debt expense	52,500
Depreciation expense	7,090
Contributions restricted for long term investments	(100,950)
Net realized and unrealized gains on investments	(134,467)
Changes in operating assets and liabilities:	
Contributions receivable	(1,795,265)
Prepaid expenses	(76,198)
Accounts payable and accrued expenses	113,153
Grants payable	(212,066)
Net cash provided by operating activities	<u>157,430</u>
Cash flows from investing activities:	
Purchases of investments	(145,069)
Sales of investments	215,544
Net cash provided by investing activities	<u>70,475</u>
Cash flows from financing activities:	
Contributions restricted for long term investments	100,950
Net cash provided by financing activities	<u>100,950</u>
Net increase in cash and cash equivalents	328,855
Cash and cash equivalents:	
Beginning of year	<u>2,177,928</u>
End of year	<u>\$ 2,506,783</u>

See notes to financial statements.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 1. Organization

Founded in 1996 as the non-profit partner to the Administration for Children's Services (ACS), New Yorkers For Children, Inc. (NYFC) strives to improve the prospects of children supported by the child welfare system and to engage New Yorkers in that effort. With a focus on young people in foster care, NYFC supports efforts to improve the well-being of youth in foster care through education, career development, the acquisition of life skills, and strengthening the child welfare system.

To achieve the highest impact for young people transitioning out of foster care, NYFC strategically partners with ACS and many non-profit organizations in New York City whose programs advance educational and career opportunities for youth in foster care. NYFC specifically supports programs that provide young people in foster care with the necessary educational and employment skills and access, and youth development services to attain successful and self-sufficient adulthood.

Scholarships and support: NYFC has several signature initiatives, summarized below, to meet the needs of youth in NYC foster care and to promote education and youth development. These initiatives include:

The Nick's Scholars Program (formerly Guardian Scholars) is a scholarship for college-enrolled youth in foster care that provides essential wraparound services in the form of financial, academic, and emotional support to help students succeed in college. The Nick's Scholars program began in New York City in September 2006 with two students. In 2016 eight scholars graduated and four new students joined the program for a total of 18 scholars in 2016. For 2017, NYFC anticipates expanding the program to include 20 new scholarships as a result of a recent award from the Doris Duke Charitable Foundation.

The Back-to-School Package Program provides youth in foster care enrolled in college or an accredited vocational program with the necessary tools to succeed during their educational and vocational experience. Each package is valued at \$1,000 and includes a laptop, software, gift cards and metro cards. In 2016, 785 packages were sent out to 592 students in 47 different higher education institutions.

The Charles Evans Emergency Education Fund assists youth, ages 21-25, who were formerly involved in the foster care system in New York City, to complete or further their education. The Fund ensures youth who encounter an unforeseen or unusual financial emergency will be able to continue their education without interruption. In 2016, NYFC distributed \$101,329 in emergency aid, of which 58% is used for tuition-related expenses. Housing and medical expenses are the second most common requests.

The Spirit Award is a \$10,000 scholarship awarded each year to a young person in foster care who is succeeding in college. The recipient is a young person who has demonstrated outstanding leadership skills, a commitment to community, and the determination and ability to overcome the barriers to academic success. In 2016 two full scholarships, of \$10,000 each, were awarded, along with two second place scholarships of \$2,500 each.

Wrap to Rap is NYFC's annual holiday event. The Board and Friends of NYFC join over 100 teens in foster care to wrap presents for young children in foster care. In addition to providing much needed holiday gifts for these children, this signature program serves to remind teens of the importance of volunteerism and giving back to their communities.

The Youth Advisory Board (YAB) works to raise public awareness, shape perceptions of children and youth in foster care, and inspire their peers to become advocates in their communities. The YAB is dedicated to advocating for change in the areas of social policy that have the greatest impact on their transition from care, namely improving and expanding access to affordable housing as well as access to post-secondary opportunities including access to and funding for college.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 1. Organization (Continued)

Pilot and innovative programs: Through its partnership with ACS, NYFC funds a variety of projects and pilots that spur innovation and provide much-needed resources and services to children of all ages in foster care as well as the child welfare community. NYFC awarded \$100,000 in grants to ACS initiatives during the year ended December 31, 2016. This strategic support of NYFC's public partner continues to improve the lives of young people in foster care. In 2016 NYFC funded projects in the following areas:

Community Connections is a detention-release initiative that targets low-risk youth who would be admitted to detention without additional community-based advocacy that can arrange the proper family and community support to allow ACS to utilize its release-to-parent option when youth are first brought to the front door of detention.

The Door is a community-based initiative of career and education services, external partnerships and an innovative youth-development approach, to offer homeless and system-involved young people in New York City stronger pathways to post-secondary opportunities.

ACS Special Programs and Events provides support for events and programs that promote the Child Wellbeing. In 2016 NYFC provided support for a Safe Sleep Symposium, ACS's 20th Anniversary Celebration and a Family Strong Community Event during child abuse awareness month.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and cash equivalents: For financial statement purposes, NYFC considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents that are part of the investment portfolio are considered investments.

Contributions receivable: NYFC considers contributions receivable past due or delinquent when payments have not been received in a timely manner. Receivables are written off when management deems the possibility of collecting amounts due as remote. In the year ended December 31, 2016, \$52,500 of prior year receivables were written off as bad debt. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which promises are received. Amortization of the discounts is included in contribution revenue.

Revenue recognition: Unconditional unrestricted contributions are recognized when received. Restricted contributions are recorded as temporarily restricted support and net assets if they are received with donor stipulations that limit the use of the contributed assets. When a donor or sponsor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions having temporary restrictions which are met in the period they are received are reported as unrestricted. Permanently restricted net assets consist of endowment funds which have been restricted by donors to be maintained in perpetuity.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Special events: NYFC holds fundraising events to provide support for its operations. Revenue from these events is recorded at the time the event takes place. Costs incurred for which a donor receives a direct benefit have been offset against the revenue earned in the statements of activities. Other costs related to the event for which the donor does not receive a direct benefit are included within indirect event expense in the statement of functional expenses.

Contributed use of materials: NYFC benefits from contributed materials attributable to special events and programs. Various noncash contributions are recorded at their estimated fair values at the time of contribution. See Note 9.

NYFC receives contributed services of volunteers which do not meet the criteria for recognition. Accordingly, the value of these contributed services has not been reflected in the accompanying financial statements.

Investments: NYFC measures its investments at fair value. Accordingly, NYFC uses a three-level valuation hierarchy of fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations the significant inputs for which are observable.

Level 3: Instruments the significant inputs for which are unobservable.

Property and equipment: Property and equipment are stated at cost, except for contributed assets, which are recorded at fair value at the time of the contribution. NYFC capitalizes all assets with a cost of \$1,000 or more and a useful life greater than three years. Depreciation is computed using the straight-line method over the assets' estimated useful lives, as follows:

Computers and other equipment	5 years
Computer software and website	3 years

NYFC's property and equipment was fully depreciated as of December 31, 2016. NYFC incurred \$7,090 of depreciation expense in the year ended December 31, 2016.

Net asset classification: Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets subject to donor-imposed stipulations that will be met, either by action of NYFC and/ or passage of time.

Permanently restricted net assets subject to donor-imposed stipulations that must be maintained permanently by NYFC. Generally, the donors of these assets would permit NYFC to use all or part of the income earned on any related investments for general or specific purposes.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Grant expense: Grants are recorded as an expense and a payable when grants are approved and communicated to the grantees. All grants payable are expected to be paid within the following year.

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses have been allocated between program services and support services based on an analysis of personnel time for the related activities.

Income tax status: NYFC is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, NYFC qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(2). NYFC is also exempt from state and local taxes. NYFC is subject to unrelated business income tax (UBIT), if applicable. For the tax year ended December 31, 2016, NYFC did not owe any UBIT.

Management has evaluated NYFC's tax positions for all open tax years and has concluded that they have taken no uncertain tax positions that would require adjustment or disclosure to the accompanying financial statements.

Accounting estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recent accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. NYFC is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. Management has not evaluated the impact of this ASU on the financial statements.

Subsequent events: NYFC evaluated subsequent events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation was performed through June 20, 2017 the date the financial statements were available to be issued.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 3. Contributions Receivable

Unconditional contributions receivable have been recorded in the accompanying financial statements at their estimated realizable value. A receivable that is payable over a year has been discounted to its present value using a discount of 2.71%.

Amounts due:

Within one year or less	\$ 1,155,577
In more than one year and less than five years	<u>843,876</u>
	1,999,453
Less discount to present value	<u>(43,938)</u>
Contributions receivable, net	<u><u>\$ 1,955,515</u></u>

Note 4. Investments and Fair Value Measurements

Investments are presented in the financial statements at fair value. The fair value of NYFC's investments by major security type were as follows as of December 31, 2016:

	Level 1	Level 2	Total
Cash equivalents	\$ 121,119	\$ -	\$ 121,119
Exchange traded products	1,172,513	-	1,172,513
Mutual funds	1,100,039	-	1,100,039
Certificates of deposit	-	270,015	270,015
Total investments at fair value	<u>\$ 2,393,671</u>	<u>\$ 270,015</u>	<u>\$ 2,663,686</u>

Investment income for the year ended December 31, 2016 consisted of the following:

Interest and dividend income	\$ 45,522
Net realized and unrealized gains	<u>134,467</u>
Total return on investments	<u><u>\$ 179,989</u></u>

Cash and cash equivalents carrying amount approximate fair value because the instruments are liquid in nature.

Exchange traded products are stated at the last reported sales or trade price on the day of valuation.

Mutual funds are stated at net asset value (NAV). NAV is calculated each business day as of the close of regular trading on the New York Stock Exchange (NYSE).

The fair value of certificates of deposits is estimated using prevailing interest rates.

NYFC invests in exchange traded products, mutual funds, and certificates of deposits. Such investments are exposed to risks such as interest rate and market risks. Due to the level of risk associated with certain investment vehicles, it is possible that changes in the values of investment holdings could occur in the near term and these changes could materially affect the amounts reported in the statement of financial position.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of December 31, 2016:

Child Protection	\$	4
LBGTQ		1,302
High School Goal Weekend		4,445
Children's Center		35,543
September 11 Memorial Scholarship		2,017
Shoolman FCCT		7,853
Dave Thomas Adoption Fund		351
Wednesday's Child		24,752
Wendy's Wonderful Kids and Time-Restricted		30,617
Brownstone Foundation		1,663
No Time to Wait and Time-Restricted		60,000
Falconwood		28,277
Center for Study of Social Programs		37,643
Division of Youth and Family Justice		667
Home Away from Home Initiative		15,000
Early Head Start		95,200
Home Away from Home Initiative - Hilton and Time-Restricted		1,135,000
Latino Heritage		202
New York Community Trust		84,000
School Supplies Fund		5,000
Rotary Club - Program Gift Cards		500
College Success Initiative		151,995
Guardian Scholars Program		462,058
Back to School Package Program		257,452
Youth Advisory Board		18,981
Wrap to Rap		3,807
Emergency Education		143,179
ATavarez Fund		100
Spirit Award		18,762
Educational Endowment		64,126
Pipeline Project		12,505
Nick's Scholars and Time-Restricted		1,139,333
Total	\$	<u>3,842,334</u>

* Includes investment returns of \$36,578.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 5. Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets were released from restrictions during the year ended December 31, 2016 by incurring expenses satisfying the restricted purposes, passage of time or occurrence of other events, as follows:

Case Family Program	\$	9,319
Child Protection		297
LBGTQ		5,648
High School Goal Weekend		3,757
Children's Center		500
September 11 Memorial Scholarship		750
Wednesday's Child		14,752
Wendy's Wonderful Kids		72,858
Brownstone Foundation		2,406
No Time to Wait - Time Restricted		337,050
Center for Study of Social Programs		65,001
Division of Youth and Family Justice		2,570
Improving Justice System		50,000
Home Away from Home Initiative		60,000
Early Head Start		4,800
Home Away from Home Initiative - Hilton		10,000
Girls Matter		3,071
Hackathon		2,500
Latino Heritage		4,687
College Success Initiative		50,000
Guardian Scholars Program		132,793
Back to School Package Program		257,213
Youth Advisory Board		5,569
Wrap to Rap		7,251
Emergency Education		101,329
Spirit Award		24,267
Educational Endowment		5,000
Pipeline Project		915
Nick's Scholars		4,729
Total	\$	<u>1,239,032</u>

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 6. Endowment

Effective September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), the provisions of which apply to the endowment funds existing on or established after that date.

NYFC's endowment consists of two individual donor-restricted funds established for the educational needs of youth in foster care. NYFC does not have any funds designated by the Board of Directors that function as an endowment. NYFC is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. NYFC classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets based on donor stipulations.

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 NYFC to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2016.

Return objectives and risk parameters: NYFC has adopted investment and spending strategies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies employed for achieving objectives: To satisfy its long-term rate-of -return objectives, NYFC relies on a total-return strategy, in which investment returns are achieved through current yield (interest income and investment appreciation). NYFC targets a conservative asset allocation that places a greater emphasis on the conservation of investment principal to achieve its long-term return objectives within prudent risk constraints.

Spending policy: NYFC has a policy of spending the investment income generated from its permanently restricted funds, which is allowable under the donor guidelines. The spending amount is based on needs and funding availability. As of December 31, 2016, any unspent donor-restricted investment income was added to the temporarily restricted balance of the net assets.

During the year ended December 31, 2016, NYFC had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	\$ 32,548	\$ 750,000	\$ 782,548
Addition to endowment fund	-	100,950	100,950
Investment income	23,045	-	23,045
Net appreciation	13,533	-	13,533
Releases from restrictions	(5,000)	-	(5,000)
Endowment funds, end of year	<u>\$ 64,126</u>	<u>\$ 850,950</u>	<u>\$ 915,076</u>

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 7. Commitments and Contingencies

In June 2008, NYFC entered into a lease agreement for office space in New York City. The lease provided NYFC with the office space beginning September 1, 2008 through August 31, 2013 at approximately \$9,460 per month, with certain rent concessions at the beginning of the lease and annual escalations of approximately 3%. In April 2013, NYFC extended this lease for a seven-year period, beginning September 1, 2013 through August 31, 2020, at approximately \$9,489 per month with annual escalations of approximately 3%. Rent expense incurred during the year ended December 31, 2016 totaled \$122,014. Rent expense is included in occupancy in the statements of functional expenses.

The future minimum rental commitments under this lease agreement are as follows for the years ending December 31:

2017	\$ 125,675
2018	129,445
2019	133,328
2020	90,646
Total	<u>\$ 479,094</u>

Note 8. Concentrations of Credit Risk and Support

NYFC maintains its cash balances in a high-quality financial institution and utilizes Liquid Insured Deposits (LIDS) to increase its Federal Deposit Insurance Corporation protection to \$2,500,000. As of December 31, 2016, all of NYFC's cash balances were insured.

Approximately 69% of total contributions revenue recognized during the year ended December 31, 2016 and approximately 89% of contributions receivable as of December 31, 2016, were attributed to two donors.

Note 9. In-Kind Materials

NYFC received contributed materials for their special events, as well as various Board Initiative Programs. The estimated fair value of the materials, by purpose, for the year ended December 31, 2016 follows:

Direct benefit to donors - gift bags	\$ 43,575
Auctions	29,580
Program expense	10,826
Indirect event expense	4,500
Total	<u>\$ 88,481</u>

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 10. Employee Benefit Plan

NYFC has a defined contribution 403(b) retirement plan for eligible employees. All full-time employees who have reached 18 years of age are eligible for participation in the plan. If employees elect, they may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Employee contributions can be invested in any number of available options offered by the plan, which offers a broad level of diversification to its participants. NYFC provides basic employer contributions for each pay period throughout the plan year during which an employee is an active participant of the plan. A discretionary amount is determined annually for each active participant in the same ratio that each employee's compensation is part of the total plan. Total expense for the year ended December 31, 2016 was \$17,211.

Note 11. Lines of Credit

Pursuant to an agreement with Amazon.com, NYFC has available a \$9,000 unsecured line of credit. There was no amount outstanding on the line as of December 31, 2016. A finance charge is payable monthly on outstanding balances at an interest rate of 2% as of December 31, 2016.

Pursuant to an agreement with Dell Business Credit, NYFC has available a \$165,000 unsecured line of credit. There was no amount outstanding on the line as of December 31, 2016. Interest is payable monthly on outstanding balances at an interest rate of 22.99% as of December 31, 2016.

Note 12. Related Party Transactions

NYFC's president of the board of directors also served as a first deputy commissioner at ACS during the year ended December 31, 2016.