New Yorkers For Children

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

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NEW YORKERS FOR CHILDREN, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
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CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Yorkers For Children, Inc.
450 Seventh Avenue, Suite 403
New York, NY

Report on the Financial Statements

We have audited the accompanying financial statements of New Yorkers For Children, Inc. (a not-for-profit corporation, "NYFC"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cerini & Associates LLP

May 21, 2016
Bohemia, New York

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Current Assets:				
Cash and cash equivalents (Notes 3 and 7)	$ 1,309,657	$ 868,271	$ -	$ 2,177,928
Contributions receivable	58,750	154,000	-	212,750
Investments (Note 3)	1,241,417	608,277	-	1,849,694
Prepaid expenses and other current assets	130,093	-	-	130,093
TOTAL CURRENT ASSETS	2,739,917	1,630,548	-	4,370,465
Restricted investments (Notes 3 and 9)	-	-	750,000	750,000
Security deposit	29,380	-	-	29,380
Property and equipment, net of accumulated depreciation (Note 4)	7,090	-	-	7,090
TOTAL ASSETS	$ 2,776,387	$ 1,630,548	$ 750,000	$ 5,156,935
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 64,059	$ -	$ -	$ 64,059
Grants payable	535,703	-	-	535,703
TOTAL LIABILITIES	599,762	-	-	599,762
Commitments and contingencies (Notes 3, 6, 7, 10, and 11)				
Net Assets:				
Unrestricted:				
Undesignated	2,176,625	-	-	2,176,625
Board designated (Note 5)	-	-	-	-
Temporarily restricted (Note 5)	-	1,630,548	-	1,630,548
Permanently restricted (Note 9)	-	-	750,000	750,000
TOTAL NET ASSETS	2,176,625	1,630,548	750,000	4,557,173
TOTAL LIABILITIES AND NET ASSETS	$ 2,776,387	$ 1,630,548	$ 750,000	$ 5,156,935

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Current Assets:				
Cash and cash equivalents (Notes 3 and 7)	$ 1,644,468	$ 676,096	$ -	$ 2,320,564
Contributions receivable	22,321	542,000	-	564,321
Investments (Note 3)	1,252,089	693,609	-	1,945,698
Prepaid expenses and other current assets	81,721	12,542	-	94,263
TOTAL CURRENT ASSETS	3,000,599	1,924,247	-	4,924,846
Restricted investments (Notes 3 and 9)	-	-	750,000	750,000
Security deposit	29,380	-	-	29,380
Property and equipment, net of accumulated depreciation (Note 4)	17,072	-	-	17,072
TOTAL ASSETS	$ 3,047,051	$ 1,924,247	$ 750,000	$ 5,721,298
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 319,358	$ -	$ -	$ 319,358
Grants payable	265,000	-	-	265,000
TOTAL LIABILITIES	584,358	-	-	584,358
Commitments and contingencies (Notes 3, 6, 7, 10 and 11)				
Net Assets:				
Unrestricted:				
Undesignated	2,212,517	-	-	2,212,517
Board designated (Note 5)	250,176	-	-	250,176
Temporarily restricted (Note 5)	-	1,924,247	-	1,924,247
Permanently restricted (Note 9)	-	-	750,000	750,000
TOTAL NET ASSETS	2,462,693	1,924,247	750,000	5,136,940
TOTAL LIABILITIES AND NET ASSETS	$ 3,047,051	$ 1,924,247	$ 750,000	$ 5,721,298

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE (Note 7):				
Individual contributions	$ 88,630	$ 23,149	$ -	$ 111,779
Foundation and business organization contributions	68,973	384,353	-	453,326
Gross special events revenue	2,127,511	404,345	-	2,531,856
Less: direct benefits to donors (including $276,240 of in-kind items) (Note 8)	(702,423)	-	-	(702,423)
Net revenue from special events	1,425,088	404,345	-	1,829,433
Return on investments (Notes 3 and 9)	(35,788)	(18,567)	-	(54,355)
Interest income (Note 3)	26,982	27,782	-	54,764
Other income	11,198	3,807	-	15,005
Net assets released from restrictions	1,118,568	(1,118,568)	-	-
TOTAL SUPPORT AND REVENUE	2,703,651	(293,699)	-	2,409,952
EXPENSES:				
Program services	1,886,131	-	-	1,886,131
Management and general	553,564	-	-	553,564
Fundraising	550,024	-	-	550,024
TOTAL EXPENSES	2,989,719	-	-	2,989,719
CHANGE IN NET ASSETS	(286,068)	(293,699)	-	(579,767)
Net assets, beginning of year	2,462,693	1,924,247	750,000	5,136,940
Net assets, end of year	$ 2,176,625	$ 1,630,548	$ 750,000	$ 4,557,173

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE (Note 7):				
Individual contributions	$ 34,166	35,981	$ -	$ 70,147
Foundation and business organization contributions	155,402	2,310,943	-	2,466,345
Gross special events revenue	1,967,998	218,050	-	2,186,048
Less: direct benefits to donors (including $168,858 of in-kind items) (Note 8)	(585,443)	-	-	(585,443)
Net revenue from special events	1,382,555	218,050	-	1,600,605
Return on investments (Notes 3 and 9)	44,191	(4,138)	-	40,053
Interest income (Note 3)	28,327	21,293	-	49,620
Other income	9,087	2,850	-	11,937
Net assets released from restrictions	2,213,322	(2,213,322)	-	-
TOTAL SUPPORT AND REVENUE	3,867,050	371,657	-	4,238,707
EXPENSES:				
Program services	2,822,625	-	-	2,822,625
Management and general	549,047	-	-	549,047
Fundraising	565,110	-	-	565,110
TOTAL EXPENSES	3,936,782	-	-	3,936,782
CHANGE IN NET ASSETS	(69,732)	371,657	-	301,925
Net assets, beginning of year	2,532,425	1,552,590	750,000	4,835,015
Net assets, end of year	$ 2,462,693	$ 1,924,247	$ 750,000	$ 5,136,940

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Fundraising	Total
Salaries	$ 142,543	$ 262,683	$ 159,077	$ 564,303
Payroll taxes and employee benefits (Note 10)	40,173	74,033	44,833	159,039
Back to school packages	369,154	-	-	369,154
Bank fees	-	21,597	-	21,597
Database management	-	-	10,892	10,892
Depreciation (Note 4)	2,521	4,647	2,814	9,982
Dues and subscriptions	-	1,354	2,109	3,463
Filing fees	-	592	-	592
Indirect event expense	-	-	67,523	67,523
Insurance	-	8,380	-	8,380
Miscellaneous expenses	1,085	-	108	1,193
Grants (Note 2)	357,000	-	-	357,000
Occupancy (Note 6)	35,096	64,677	39,167	138,940
Office expenses	3,971	23,950	7,388	35,309
Printing and postage	2,153	3,968	2,584	8,705
Professional fees	28,037	85,023	211,823	324,883
Program construction expense	-	-	-	-
Program events	77,343	-	-	77,343
Program service consultants	576,209	-	-	576,209
Program stipends	146,692	-	-	146,692
Program supplies	19,251	-	-	19,251
Program transportation	34,261	-	-	34,261
Program tuition and tutoring	33,668			33,668
Repairs and maintenance	180	331	200	711
Scholarships	12,003	-	-	12,003
Training	4,791	-	-	4,791
Travel	-	2,329	1,506	3,835
TOTAL EXPENSES	$ 1,886,131	$ 553,564	$ 550,024	$ 2,989,719

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services	Management and General	Fundraising	Total
Salaries	$ 148,611	$ 273,866	$ 165,849	$ 588,326
Payroll taxes and employee benefits (Note 10)	35,995	66,332	40,170	142,497
Back to school packages	542,409	-	-	542,409
Bank fees	-	21,769	-	21,769
Database management	-	-	1,296	1,296
Depreciation (Note 4)	2,521	4,647	2,814	9,982
Dues and subscriptions	-	1,058	1,699	2,757
Filing fees	-	575	-	575
Indirect event expense	-	-	90,942	90,942
Insurance	-	7,948	-	7,948
Miscellaneous expenses	3,933	-	6,960	10,893
Grants (Note 2)	277,375	-	-	277,375
Occupancy (Note 6)	31,637	58,303	35,307	125,247
Office expenses	6,564	24,276	9,139	39,979
Printing and postage	1,700	3,134	2,710	7,544
Professional fees	31,593	82,630	204,326	318,549
Program construction expense	13,008	-	-	13,008
Program events	180,747	-	-	180,747
Program service consultants	1,220,819	-	-	1,220,819
Program stipends	150,925	-	-	150,925
Program supplies	42,227	-	-	42,227
Program transportation	82,668	-	-	82,668
Program tuition and tutoring	38,071	-	-	38,071
Repairs and maintenance	505	931	564	2,000
Scholarships	4,497	-	-	4,497
Training	6,820	-	-	6,820
Travel	-	3,578	3,334	6,912
TOTAL EXPENSES	$ 2,822,625	$ 549,047	$ 565,110	$ 3,936,782

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2015	*2014*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (579,767)	$ 301,925
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	9,982	9,982
Deferred rent	-	(7,021)
Unrealized losses/ (gains) on investments	54,159	(40,053)
Realized losses on investments	196	-
Donated securities	(2,525)	-
Changes in operating assets and liabilities:		
Contributions receivable	351,571	(503,335)
Prepaid expenses	(35,830)	(31,883)
Accounts payable and accrued expenses	(255,299)	(48,147)
Grants payable	270,703	172,210
NET CASH USED IN OPERATING ACTIVITIES	(186,810)	(146,322)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(241,224)	(49,620)
Sales of investments	285,398	108,550
Write off of property and equipment	-	1,913
NET CASH PROVIDED BY INVESTING ACTIVITIES	44,174	60,843
Net decrease in cash and cash equivalents	(142,636)	(85,479)
Cash and cash equivalents, beginning of year	2,320,564	2,406,043
Cash and cash equivalents, end of year	$ 2,177,928	$ 2,320,564

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of New Yorkers For Children, Inc., (hereinafter, "NYFC") is presented to assist in understanding NYFC's financial statements. The financial statements and notes are representations of NYFC's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

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) 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 evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions for 2015 and 2014.

NYFC files a Federal Form 990 and respective state informational returns. These returns are subject to review and examination by federal and state authorities and the returns for the years ended December 31, 2012, 2013, 2014, and 2015 are open for examination. NYFC has determined that it has registered in all states where it is required to be registered.

Basis of Accounting: These financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board specifically for not-for-profit organizations. NYFC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily restricted net assets - 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 - 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.

Revenue Recognition: NYFC's revenue consists of contributions and investment income. Unrestricted contributions intended for the current period 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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.

Fair Value Measurements: NYFC defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

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 completely unlikely.

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

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 statements 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 8.

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.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After the Report Date: NYFC has evaluated events and transactions that occurred between January 1, 2016 and May 21, 2016, which is the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Reclassification: Certain balances reflected on the accompanying financial statements for the year ended December 31, 2014 were reclassified to conform to the current year presentation.

NOTE 2 - ORGANIZATION

Founded in 1996 as the non-profit partner to the Administration for Children's Services ("ACS"), 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.

NYFC has several signature initiatives, summarized below, to meet current unmet youth needs and to promote education and youth development. These initiatives include:

Back-to-School Package Program
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 2015, 778 packages were sent out to 595 students.

Guardian Scholars Program
The NYFC Guardian Scholars program is a comprehensive program for youth in foster care who are enrolled at Hunter College, John Jay College, and Kingsborough Community College. These youth are forced to make difficult transitions into adulthoods, often without traditional family support. The Guardian Scholars program provides essential financial, academic, and emotional support to help the students graduate from college. The retention rate for Guardian scholars is 88% with 42% going on to receive a master's degree.

NOTE 2 - ORGANIZATION *(continued)*

Youth Advisory Board
The Youth Advisory Board ("YAB") is a group of highly engaged high school and college students in foster care who serve as advocates for other youth in care in New York City, with a focus on transition-aged youth. They seek to help children and youth through promotion of education, self-development, and community involvement. YAB envisions a future where children and families have access to a range of resources and community supports, and where youth and adults are joined in productive and fulfilling partnerships.

Spirit Award
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. Two second place scholarships of $2,500 each are also awarded each year.

Charles Evans Emergency Fund
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 educational. The Fund ensures youth who encounter an unforeseen or unusual financial emergency will be able to continue their education without interruption.

Wrap to Rap
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 children in 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.

Noteworthy programs funded with NYFC discretionary grants to ACS include:

Foster Parent Guide to Education
The Foster Parent Guide to Education serves as a reference manual to assist foster parents in supporting the educational needs for youth in their care from 0-21 years old. The guide includes early education including literacy exercises, information on Headstart and Pre-K programs, grade-specific school-age academic program, special education, college preparation, and other relevant education information.

LGBTQ Population Count & Youth Climate Survey
The purpose of this grant is to assist ACS to conduct Phase I and Phase II of the Administration for Children Services LGBTQ foster care population count and youth climate survey. The goal of these two phases is to learn how to best design and implement this survey system-wide. After completing Phase I and II, ACS will then implement the survey system-wide, with the goal of receiving approximately 800 completed surveys.

NOTE 2 - ORGANIZATION *(continued)*

NYC Family Strong
The purpose of this grant is to support ACS during Child Abuse Prevention Month in bringing awareness of the importance of families and communities working together to prevent child abuse and neglect.

LIFT - LGBTQ Institute for Family Therapy
The LGBTQ Institute for Family Therapy ("LIFT") is a prevention focused initiative that would reduce LGBTQ family rejecting behaviors, by equipping clinicians with the skills and confidence to better serve LGBTQ families by addressing red flags that arise when discussing a child's actual or perceived sexual orientation, gender identity or gender expression.

Grants
NYFC awarded $357,000 and $277,375 in grants to ACS during the years ended December 31, 2015 and 2014, respectively. This strategic support of NYFC's public partner continues to improve the lives of young people in foster care.

NOTE 3 – INVESTMENTS

NYFC measures its investments at fair value, as defined in Note 1. 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; and
- Level 3 - instruments the significant inputs for which are unobservable.

Investments are presented in the financial statements at fair value. The fair value of NYFC's investments by major security type are as follows at December 31, 2015 and 2014:

Investments at Fair Value as of December 31, 2015

	Level 1	Level 2	Total
Cash equivalents	$ 41,885	$ -	$ 41,885
US Treasury bills	-	-	-
Exchange traded products	974,799	-	974,799
Mutual funds	997,740	-	997,740
Certificates of deposit	-	585,270	585,270
Total investments at fair value	$ 2,014,424	$ 585,270	$ 2,599,694

NOTE 3 – INVESTMENTS *(continued)*

Investments at Fair Value as of December 31, 2014

	Level 1	Level 2	Total
Cash equivalents	$ 1,126	$ -	$ 1,126
US Treasury bills	400,764	-	400,764
Exchange traded products	1,007,395	-	1,007,395
Mutual funds	986,075	-	986,075
Certificates of deposit	-	300,338	300,338
Total investments at fair value	$ 2,395,360	$ 300,338	$ 2,695,698

At December 31, 2015 and 2014 investment income consisted of the following:

	2015	2014
Interest and dividend income	$ 54,764	$ 49,620
Unrealized (losses)/ gains	(54,159)	40,053
Realized losses	(196)	-
Total return on investments	$ 409	$ 89,673

NYFC invests in government bonds and mutual funds. 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 statements of financial position.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,:

	2015	2014
Computers and other equipment	$ 82,544	$ 82,544
Computer software	11,179	11,179
Website improvements	15,535	15,535
Total property and equipment	109,258	109,258
Less: accumulated depreciation	(102,168)	(92,186)
Net property and equipment	$ 7,090	$ 17,072

For both of the years ended December 31, 2015 and 2014, NYFC incurred $9,982 of depreciation expense.

NOTE 5 – BOARD DESIGNATED AND TEMPORARILY RESTRICTED NET ASSETS

Net assets were board designated and temporarily restricted for the following purposes at December 31, 2015 and 2014:

Board Designated and Temporarily Restricted Net Assets as of December 31, 2015

	Board Designated	Temporarily Restricted	Total
Mental Health Initiative	$ -	$ -	$ -
Youth Financial Empowerment Initiative	-	-	-
Casey Family Program	-	16,534	16,534
Child Protection	-	300	300
LBGTQ	-	5,936	5,936
High School Goal Weekend	-	7,862	7,862
Children's Center	-	500	500
Crossover Youth Practice Model	-	-	-
Redlich Horwitz	-	-	-
September 11 Memorial Scholarship	-	2,767	2,767
RH Acelero	-	-	-
Shoolman FCCT	-	7,853	7,853
Dave Thomas Adoption Fund	-	351	351
Wednesday's Child	-	31,814	31,814
Wendy's Wonderful Kids	-	7,263	7,263
Brownstone Foundation	-	4,069	4,069
No Time to Wait	-	83,600	83,600
Falconwood	-	26,337	26,337
Center for Study of Social Programs	-	52,644	52,644
Division of Youth and Family Justice	-	2,347	2,347
Improving Outcomes in Criminal Justice System	-	50,000	50,000
Crossroads	-	580	580
Home Away from Home Initiative	-	75,000	75,000
College Success Initiative	-	241,995	241,995
Guardian Scholars Program	-	444,001	444,001
Back to School Package Program	-	236,892	236,892
Youth Advisory Board	-	24,550	24,550
Wrap to Rap	-	5,011	5,011
Emergency Education	-	233,248	233,248
ATavarez Fund	-	100	100
Spirit Award	-	23,029	23,029
Educational Endowment	-	32,548	32,548
Pipeline Project	-	13,417	13,417
Total	$ -	$ 1,630,548	$1,630,548

*Includes investment returns of $9,215.

NOTE 5 – BOARD DESIGNATED AND TEMPORARILY RESTRICTED NET ASSETS *(continued)*

Board Designated and Temporarily Restricted Net Assets as of December 31, 2014

	Board Designated	Temporarily Restricted	Total
Mental Health Initiative	$ -	$ 3,723	$ 3,723
Youth Financial Empowerment Initiative	-	6,986	6,986
Casey Family Program	-	8,571	8,571
Child Protection	-	300	300
LBGTQ	-	17,978	17,978
High School Goal Weekend	-	16,685	16,685
Children's Center	-	500	500
Crossover Youth Practice Model	-	8,307	8,307
Redlich Horwitz	-	3,001	3,001
September 11 Memorial Scholarship	-	4,267	4,267
RH Acelero	-	162,500	162,500
Shoolman FCCT	-	118,012	118,012
Dave Thomas Adoption Fund	-	351	351
Wednesday's Child	-	18,923	18,923
Wendy's Wonderful Kids	-	17,500	17,500
Brownstone Foundation	-	4,069	4,069
No Time to Wait	-	97,200	97,200
Falconwood	-	30,000	30,000
Center for Study of Social Programs	-	50,000	50,000
Division of Youth and Family Justice	-	2,500	2,500
Improving Outcomes in Criminal Justice System	-	-	-
Crossroads	-	-	-
Home Away from Home Initiative	-	-	-
College Success Initiative	-	354,529	354,529
Guardian Scholars Program	-	550,180	550,180
Back to School Package Program	250,176	100,000	350,176
Youth Advisory Board	-	7,808	7,808
Wrap to Rap	-	10,223	10,223
Emergency Education	-	273,355	273,355
ATavarez Fund	-	100	100
Spirit Award	-	20,029	20,029
Educational Endowment*	-	26,336	26,336
Pipeline Project	-	10,314	10,314
Total	$ 250,176	$ 1,924,247	$2,174,423

*Includes investment returns of $17,155.

NOTE 6 – LEASING ARRANGEMENT

During 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 years ended December 31, 2015 and 2014 totaled $118,461 and $107,990, respectively. 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,:

2016	$ 122,014
2017	125,675
2018	129,445
2019	133,328
2020	90,646
Total	$ 601,108

NOTE 7 – 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, 2015 all of NYFC's cash balances are insured.

For the years ended December 31, 2015 and 2014, NYFC received approximately 71% and 36%, respectively, of its total support and revenue from the Fall Gala and Spring Dance fundraising events. Management does not expect the revenue from this source to significantly decline in the near future.

Approximately 66% of total contributions revenue recognized during the year ended December 31, 2015 were attributed to three donors. Approximately 50% of total contributions revenue recognized during the year ended December 31, 2014 were attributed to three donors.

NOTE 8 - 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 years ended December 31:

	2015	2014
Direct benefit to donors - gift bags	$ 276,240	$ 168,858
Auctions	181,468	178,084
Total	$ 457,708	$ 346,942

NOTE 9 – 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 one donor-restricted individual fund 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.

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 NYFC to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2015 and 2014.

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. At December 31, 2015 and 2014, any unspent donor-restricted investment income was added to the temporarily restricted balance of the net assets.

During the year ended December 31, 2015, NYFC had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	$ 26,336	$ 750,000	$ 776,336
Investment income	27,782	-	27,782
Net depreciation	(18,567)	-	(18,567)
Releases from restrictions	(3,003)	-	(3,003)
Endowment funds, end of year	$ 32,548	$ 750,000	$ 782,548

NOTE 9 – ENDOWMENT *(continued)*

During the year ended December 31, 2014, NYFC had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	$ 13,678	$ 750,000	$ 763,678
Investment income.....	21,293	-	21,293
Net depreciation.....	(4,138)	-	(4,138)
Releases from restrictions	(4,497)	-	(4,497)
Endowment funds, end of year.....	$ 26,336	$ 750,000	$ 776,336

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 years ended December 31, 2015 and 2014 was $26,017 and $19,289, respectively.

NOTE 11 - LINES OF CREDIT

Pursuant to an agreement with Amazon.com, NYFC has available a $9,000 unsecured line of credit. There were no amounts outstanding on the line as of December 31, 2015 and 2014. A finance charge is payable monthly on outstanding balances at an interest rate of 2.0% at December 31, 2015 and 2014, respectively.

Pursuant to an agreement with Dell Business Credit, NYFC has available a $165,000 unsecured line of credit. There were no amounts outstanding on the line as of December 31, 2015 and 2014. Interest is payable monthly on outstanding balances at an interest rate of 22.99% at December 31, 2015 and 2014.